



Independent Audit Committee

Meeting: **Wednesday 1 April 2026, 10.00am – 1.00pm**

Venue: Conegar Boardroom at Winfrith Police Station and via Teams

AGENDA

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|---|---------------------------|---------|
| 1. Elect the Chair & Vice Chair of IAC (verbal update) | Robin Wheeler | 10.00am |
| 2. Apologies for absence, Declarations of Interest, Equality and Health and Safety Obligations
To note apologies, receive new declarations by members of (a) personal interest [including their nature] and (b) prejudicial interests and to remind members of their responsibility to consider equality and health and safety in all their decisions. | Chair | 10.05am |
| 3. Annual Reconfirmation of Declarations of Interest (verbal) | Chair | 10.10am |
| 4. Minutes (paper x 1) [FOIA Various]
To confirm the open minutes from the previous meeting. | Chair | 10.15am |
| 5. Action Log (paper x 1) [FOIA Various]
To review the action log and receive updates for ongoing actions. | Chair | 10.20am |
| 6. Significant Committee Business (verbal) | Chair | 10.25am |
| 7. SWAP Quarterly Internal Audit Report (paper x 3) [FOIA Open] | Charlotte Wilson | 10.30am |
| 8. Grant Thornton Annual Audit Plan 2025/26 Report
a. Dorset (paper x 1) [FOIA Open]
b. Devon and Cornwall (paper x 1) [FOIA Open] | Macaulay
Gulliford | 10.45am |
| 9. Statement of Accounts Preparation (paper x 1) [FOIA Open] | Robin Wheeler | 10.55am |
| 10. Risk Management Updates
a. Dorset (paper x 1) [FOIA Closed s.31]
b. Devon and Cornwall (paper x 1) [FOIA Open] | Teri Roberts
Phil Rigg | 11.05am |
| Break | | 11.30am |
| 11. Updates regarding any governance changes to OPCC and Forces (Verbal Update) | Committee
Members | 11.40am |
| 12. Draft Annual Governance Statements (papers x 4) [FOIA Open] | | 11.50pm |

Official – Board use only
FOIA – Various

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|--|------------------|---------|
| a. OPCC Devon and Cornwall | Fran Hughes | |
| b. Devon and Cornwall Force | David Wilkin | |
| c. OPCC Dorset | Simon Bullock | |
| d. Dorset Police Force | Robin Wheeler | |
| 13. Audit Action Report (paper x 3) [FOIA Various] | Robin Wheeler | 12.20pm |
| 14. Treasury Management Six Monthly Update | Robin Wheeler | 12.30pm |
| a. Devon and Cornwall Police (paper x 1) [FOIA Open] | Nicky Allen | |
| b. Dorset Police (paper x 1) [FOIA Open] | Julie Strange | |
| 15. Verbal Update by the Chief Constable / PCC (Open Invitation) | | 12.40pm |
| a. Devon and Cornwall (verbal) | James Vaughan | |
| | Alison Hernandez | |
| b. Dorset (verbal) | Amanda Pearson | |
| | David Sidwick | |
| 16. Feedback to Corporation Sole (verbal) | Chair | 12.50pm |

Meeting scheduled end time: 1.00pm

Attendance

Tom Grainger (in person)	Chair
Steve O'Connell (in person)	Committee Member
Mark Taylor (in person)	Committee Member
Phil Rook (in person)	Committee Member
Gordon Mattocks (in person)	Committee Member
James Vaughan (in person)	Chief Constable (Devon and Cornwall)
Amanda Pearson (in person)	Chief Constable (Dorset)
David Sidwick (in person)	Police and Crime Commissioner (Dorset)
Julie Strange (in person)	Treasurer (OPCC Dorset)
Nicky Allen (virtual)	Treasurer (OPCC Devon and Cornwall)
Robin Wheeler (virtual)	Strategic Alliance Head of Finance
Jo George (in person)	Acting Head of Audit and Insurance
Lucinda Hines (virtual)	Head of Technical Accounting Alliance
Macauley Gulliford (in person)	Public Sector Audit Manager, Grant Thornton
Charlotte Wilson (virtual)	Assistant Director (Emergency Services), SWAP

Have not yet confirmed

Fran Hughes	Chief Executive (OPCC Devon and Cornwall)
Simon Bullock	Chief Executive (OPCC Dorset)
Neal Butterworth	Chief Financial Officer (Dorset)

Apologies

James Vaughan	Chief Constable (Devon and Cornwall)
Rachel Farrell	Deputy Chief Constable (Dorset)
Alison Hernandez	Police and Crime Commissioner, Devon and Cornwall
David Wilkin	Director of Finance and Resources
Grace Hawkins (in person)	Director, Grant Thornton
Tracey Kirkpatrick	Principal Auditor, SWAP

Teri Roberts
Phil Rigg

Strategic Risk Manager
Planning and Performance Manager

The Public Sector Equality Duty (PSED) as set out in **section 149 of the Equality Act 2010** requires public bodies to have **due regard** to the need to:

Eliminate unlawful discrimination, harassment, victimisation and any other prohibited conduct prohibited by the Act; and

Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and

Foster good relations between people who share a protected characteristic and people who do not share it.

Protected Characteristics are age; disability; gender reassignment; pregnancy and maternity; race (including ethnic or national origins, colour or nationality; religion or belief (including lack of belief); sex and sexual orientation.



Independent Audit Committee

Meeting held on Wednesday 17 December 2025

In the Pinhoe Meeting Room, Exeter Police Station and via Teams, commenced at 10.00am.

Attendance

Tom Grainger (Committee Member) (Chair) (in person)	Gordon Mattocks (Committee Member) (in person)
Phil Rook (Committee Member) (virtual)	Mark Taylor (Committee Member) (in person)
Steve O'Connell (Committee Member) (in person)	James Vaughan (Chief Constable, Devon and Cornwall) (in person)
Neal Butterworth (Chief Financial Officer, Dorset) (virtual)	David Wilkin (Director of Finance and Resources, Devon and Cornwall) (in person)
David Sidwick (Police and Crime Commissioner, Dorset) (virtual)	Alison Hernandez (Police and Crime Commissioner, Devon and Cornwall) (in person)
Simon Bullock (Chief Executive, OPCC Dorset) (virtual)	Fran Hughes (Chief Executive, OPCC Devon and Cornwall) (in person)
Julie Strange (Treasurer, OPCC, Dorset) (virtual)	Nicky Allen (Treasurer, OPCC, Devon and Cornwall) (in person)
Robin Wheeler (Alliance Head of Finance) (in person)	Lucinda Hines (Head of Technical Accounting) (in person)
Jo George (Acting Head of Audit and Insurance) (virtual)	Grace Hawkins (Director, Grant Thornton) (virtual)
Charlotte Wilson (Assistant Director Emergency Services), SWAP) (virtual)	George Amos (Public Sector Audit Manager, Grant Thornton) (virtual)

Guests

Lisa Mackenzie (SWAP) (virtual)

Apologies

Amanda Pearson (Chief Constable, Dorset)
Tracey Kirkpatrick (Principal Auditor, SWAP)

Rachel Farrell (Deputy Chief Constable, Dorset)

05/25/38 Opening and Declaration of Interests [FOIA Open]

Tom Grainger opened the meeting, welcoming members and noting apologies. No declarations of interest, health and safety or equality concerns were raised.

05/25/39 Draft Minutes from previous meeting 3 September 2025 [FOIA Open]

The minutes from the previous meeting held on Wednesday 2 September 2025 were agreed as a true and accurate record.

Brief discussion was held regarding the inclusion of timelines on South West Audit Partnership (SWAP) reports, which had been missing in recent iterations which members had found helpful. Members were reassured that a Quality Working Group was in place at SWAP to update processes following the introduction of the new Internal Audit standards, and a request would be made to include timelines in reports.

05/25/40 Action Log [FOIA Open unless exemptions specified below]

- a. Action 317 (previous minute reference 02/25/05 and 04/25/26a)**
The performance framework for Vetting had been received and was circulated on 16 December 2025. The updates against the framework would be circulated once available, and governance oversight was provided through the Standards and Ethics Board.
Action closed.
- b. Action 319 (previous minute reference 02/25/17 and 04/25/26b)**
Discussion held at minute reference 05/25/52.
Action closed.
- c. Action 321 (previous minute reference 03/25/06 and 04/25/26d)**
Members noted a regional vetting briefing had been provided, however a regional internal audit had not been completed.
Action closed.
- d. Action 324 (previous minute reference 03/25/15 and 04/25/26g)**
Discussion held at minute reference 05/25/52.
Action closed.
- e. Action 325 SWAP Quarterly Report (previous minute reference 04/25/30)**
There were two Human Resources (HR) actions outstanding regarding resources, which were detailed in the Audit Action Report. Discussion was ongoing with HR regarding completing a follow-up audit of the findings of the limited assurance position from the previous year.
Action to remain open.
- f. Action 327 Annual Assurance Mapping Report (previous minute reference 04/25/34)**
Enhancing the overall assurance picture was a complex piece of work due to lack of assurance ratings. Due to the scale of the work required, it was not possible to complete with the existing resource levels. Jo George, Mark Taylor and Gordon Mattocks would consider alternative methods to gain assurance in the areas.
Action to remain open.
- g. Action 328 Internal Audit Action Report (previous minute reference 04/25/35)**
The action had been completed but it was noted there were delays due to competing demands and HR pressures. Members noted clear timelines and sign off plans were required for audit actions, and process and technology changes had been implemented to assist with maintaining required momentum of actions.
Action closed.

05/25/41 Significant Committee Business [FOIA Open]

Tom Grainger raised the likely changes to police governance which were announced, including the abolition of the Police and Crime Commissioner roles in 2028 and potential amalgamation of forces. The Committee acknowledged the uncertainty and concerns that would be felt in the organisations, particularly in the Offices of the Police and Crime Commissioners (OPCC). Planning for the changes was expected to start imminently, and risks for the OPCCs and forces was expected to increase over the interim period. It was noted Independent Audit Committee needed to consider the workplan over future years as details became available to support forces and OPCCs through the changes.

It was noted further detail was required before plans could be developed, as some forces, such as Devon and Cornwall, had additional complexities in their geography. It was assumed a Board would be established with OPCC and current upper-tier local authorities across the counties. Transitions towards Mayoral authorities had been paused, with the next election planned for 2029, which could result in a secondary transition to manage. A government white paper on Police reform was also due, and was expected in early 2026. The Committee noted that a similar transition had been experienced when moving from local authorities to the OPCCs, and OPCCs were familiar with changes. It was expected that most of the familiar structures would endure, although under new names, as there were statutory functions.

The Chair made reference to the finalisation and auditing of the accounts for 2024/25 and reflected on the substantial progress made to overcome the backlogs that have existed in previous years. Considerable praise was due to both the members and leaders of the finance team and the external auditors. The Chair highlighted the need for a wide variety of judgements because of the new International Financial Reporting Standard (IFRS) 16 standard and noted that the auditors had, as expected, challenged these assumptions during the audits, but that no changes were required. This reflected the excellent preparation for meeting the new standard.

During discussion the following actions were created:

1. Jo George and the Committee Members would review the work plan for opportunities to support the planned changes to OPCC and forces.
For action by: Jo George and Independent Members
2. It would be beneficial for the Committee to remain updated on planned changes and governance structures, and Specialist Support Hub would ensure there was a standing item on future agendas to update the Committee on changes to OPCC and forces.
For action by: Specialist Support Hub
Action discharged.

05/25/42 Budget Preparation Update [FOIA Open]

Robin Wheeler presented the Budget Preparation Report, which outlined the processes undertaken as part of budget planning for the year ahead and the Medium-Term Financial Strategy (MTFS). The report detailed how the 2025/26 budget was set and key metrics, noting the 2026/27 budget was set using a similar process. It was noted there were higher than anticipated pay awards granted, and assumptions were in place around available grants, utilising National Policing Chiefs Council guidance on how to interpret the spending review announced in Autumn 2025.

The draft budget would continue to be refined through December 2025 and January 2026 as more information became available, and it was expected that a one-year settlement would be announced on 18 December 2025 due to the uncertainty of the outstanding white paper. The differences in figures in both forces was queried, and it was confirmed this was due to different risk profiles and approaches taken in force during the planning stages. It was noted the tax base assumptions could not be compared across the forces, as Devon and Cornwall were more impacted by second homes tax than Dorset.

It was noted Dorset predicted a deficit in council tax collection, which had been based on assumptions including impacts from second home tax. NPCC analysis had indicated inflation would drop from 3% to 2.2%, which had been adopted by most forces, however it was noted inflation had been higher than previous estimations in recent years.

Priority Based Budgeting (PBB) had been undertaken across Alliance functions and applied to both forces, with a clear, robust approach to understand what savings were required and the timescales involved for delivery. The delivery of savings was overseen by the Joint Strategic Change Board, although some slippage was to be expected. PBB had also represented an opportunity to reset expectations regarding business planning and cultural expectations to continuously improve service delivery. PBB was cognisant of risks and impacts on other areas of the force created by making savings, and a further update on PBB could be returned to a future Committee meeting as required.

05/25/43 Audit Action Report [FOIA Open unless exemptions specified below]

Robin Wheeler presented the Audit Action Report, noting an extension was requested for action 3643, which was in progress and expected to be in place by 31 March 2026. Additionally, actions 6418, 6419 and 6260 relating to the Information Communication Technology (ICT) Managed Service Contract (MSC) were significantly delayed and were seeking further extensions.

The 10 MSC towers of delivery were being established, with two currently live, with two more expected to go live before the end of 2025. Five of the towers were scheduled for January and February 2026, however discussion with British Telecom (BT) was ongoing regarding the implementation date for the final tower as BT had requested a further six-month delay. The delay had been challenged, and regular discussions were held with ICT regarding progress and slippage. It was noted a commercial dispute was ongoing with BT regarding delays and possible financial restitution. Alternative options had been risk assessed, however it was recommended to continue with the implementation as the best solution. **[FOIA Closed s.43]**

It was noted that actions 7124 and 6977 had been granted extensions, with both in progress but requiring more time. As the extension to action 7124 was extended by the Head of Finance for the Finance Department, ratification was required by the Committee.

The Committee:

1. Noted the extensions granted to actions 7124 and 6977.
2. Approved the extension of action 7124.

Robin Wheeler left the meeting.

05/25/44 Devon and Cornwall Report and Draft Strategies [FOIA Open]

Nicky Allen presented the Devon and Cornwall Report and Draft Strategies papers, which provided an update on Governance, risk and control. No significant changes had been made, and the figures would be updated once the budget was finalised. The 2029/2030 general balance was not yet included within the report, but would be updated as figures were made available. The Committee queried environmental sustainability highlighted within the Treasury Management Report, and it was confirmed the existing approach was unlikely to change. It was confirmed the Force did comply with the Home Office Reserve Guidance issued in 2018.

The Committee:

1. Noted the report.

05/25/45 Dorset Report and Draft Strategies [FOIA Open]

Nicky Allen presented the Dorset Report and Draft Strategies papers, which provided an update on Governance, risk and control. No significant changes had been made, noting the figures were in draft and would be updated once the budget was finalised.

The Committee:

1. Noted the report.

05/25/46 Internal Audit [FOIA Open]

Charlotte Wilson presented the South West Audit Partnership (SWAP) updates, including the Quarterly Report and Plan and Charter.

a. Quarterly Report

Five reviews had been finalised, with the Devon and Cornwall Informal Ministry of Justice grant review receiving a limited assurance opinion. It was noted the Litigation Activity review was at reporting stage, and the Stores and Stock Control Follow Up and Probity of Proceeds of Crime Act (POCA) reviews were completed. There was some slippage in planned delivery of audits due to leave and challenges in Force availability at year end, and additional resources would be procured as required to complete the work.

Brief discussion was held regarding providing access to completed reports for the Committee, and it was clarified reports available would be those procured by the forces. Members queried the action dates for the Risk Management Maturity Report for Devon and Cornwall, as no timeline was detailed for follow-up.

b. Internal Audit Plan 2026/2027

The proposed Internal Audit Plan 2026/2027 was progressing through force governance and was subject to change. The reserve list of audits had been prioritised, and amended based on changing priorities, and the audit plan was split by force for simpler viewing. Monthly meetings were held with force and OPCC Section 151 Officers to discuss emerging issues and rearrange priorities dynamically as needed. A list of previous audits was held to ensure areas were tracked and audited appropriately as part of the SWAP planning process.

Members noted Violence Against Women and Girls (VAWG) was a high priority area, however it was not included in the 2026/2027 plan as the VAWG Strategy was outstanding. The area would be reviewed once the Strategy had been published based on existing priorities and the work being undertaken by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) to avoid any potential duplication.

c. Charter

The Charter had been updated to better reflect force governance arrangements and the role of the Committee. It was noted further amendments may be required following changes to the OPCC.

The Committee broke at 11.31am, reconvening at 11.39am.

Brief discussion was held regarding the progress made on audit work since Covid-19, which was significant and all involved were thanked for their ongoing work and collaboration.

05/25/47 Financial Arrangements for Devon and Cornwall 2024/2025 [FOIA Open]

Nicky Allen and David Wilkin presented the Financial Arrangements for Devon and Cornwall 2024/2025 papers, noting the only significant change related to the revaluation which had not impacted the income and expenditure account.

05/25/48 Financial Arrangements for Dorset 2024/2025 [FOIA Open]

Neal Butterworth presented the Financial Arrangements for Dorset 2024/2025, noting the position was similar to Devon and Cornwall, with one significant revaluation, however there was no impact on the bottom line. It was noted that the recommendations from HMICFRS went to the DCC Operations Board rather than the Legitimacy Board.

05/25/49 External Audit – Grant Thornton – Devon and Cornwall [FOIA Open]

Grace Hawkins, George Amos and Lisa MacKenzie presented the External Audit reports for Devon and Cornwall.

a. Audit Findings Report

Audits have been ongoing since June 2025, and work had concluded in Devon and Cornwall. The force Finance team were thanked for their support in completing the audits, and it was anticipated the opinions could be issued shortly. No evidence of management override of controls was found, however one control recommendation was raised from Grant Thornton's review of the journals. Regarding valuation of buildings, an incorrect area had been applied during an initial valuation. This had subsequently been corrected and led to a £7.3 million increase in valuation. Force assumptions had been checked and were found to be in line with expectations, and an effort test was performed on the Police Pension Scheme, with no issues identified.

Julie Strange joined the meeting virtually.

Work had been undertaken to consider the implementation of IFRS 16 which had introduced some liabilities, however the assessment was one of materially accurate and complete.

b. Auditors Annual Report 2024/2025

The report included a review of value for money, and included acknowledgement of Devon and Cornwall's removal from Engage which had allowed for a green assessment regarding governance. A previous amber key recommendation was updated to improved, however this would not transition to green until next year to ensure the improvement embedded. The overall direction of travel indicated was positive.

It was noted Devon and Cornwall were undergoing their Police Effectiveness, Efficiency and legitimacy (PEEL) at the time, which would hopefully discharge the outstanding Areas for Improvement (AFI). Members noted Grant Thornton audit standards were higher than other audit firms, which offered additional reassurance regarding Devon and Cornwall's improved performance.

c. Draft Audit Opinions

The unqualified opinion on Chief Constable and Police and Crime Commissioner (PCC) statements were hoped to be signed before the close of 2025.

d. Letters of Representation

The letters of representation were provided by force management, and it was noted reference to a disclosure Police Pension Authority (PPA) had been added.

05/25/50 External Audit – Grant Thornton – Dorset [FOIA Open]

Grace Hawkins and George Amos presented the External Audit reports for Dorset.

a. Audit Findings Report

Audits have been ongoing since June 2025, and work had concluded in Dorset. IAS 19 had been received regarding pensions, and all work had been reviewed and completed. The force Finance team were thanked for their support in completing the audits, and it was anticipated the opinions could be issued shortly. The opinion remained qualified, and was expected to be removed from the accounts next year.

No evidence of management override of controls was found, and no control recommendations were raised. No issues were identified in the assumptions applied in the inputs of valuation of land and buildings, although there was a negative amendment following revaluation of Winfrith Headquarters, which was not permitted under the rules. As such, the excess charge was moved to the Capital Adjustment account, which did not impact the bottom line. An effort test was performed on the Police Pension Scheme, with no issues identified.

Work had been undertaken to consider the implementation of IFRS 16 which had introduced some liabilities. Dorset had two Private Finance Initiatives (PFIs) which were also impacted by IFRS16, however only a small change to the narrative was noted.

b. Auditors Annual Report 2024/2025

The report included a review of value for money, and overall was a positive report. An improvement recommendation had been raised regarding the financial pressure Dorset was under, and the increased saving requirement. It was found that the arrangements in force and work on Project Revolve maintained a strong level of oversight. It was noted that some of the financial issues resulted from Government Policy and were beyond Dorset's control.

c. Draft Audit Opinions and Letters of Representation

The qualified opinion on Chief Constable and Police and Crime Commissioner (PCC) statements were hoped to be signed before the close of 2025.

05/25/51 Fraud and Corruption Investigations Report [FOIA Open unless exemptions specified below]

Jo George presented the Fraud and Corruption Investigations Report, noting that the National Fraud Initiative (NFI) findings stood at £47,929.63, the majority of which was a duplicate payment to BT for £27,000. Work with the exchequer team was ongoing to liaise with BT to improve their invoicing system, which was unclear. Additionally, BT invoices had been reviewed to ensure there were no further duplications. **[FOIA Closed s.22]**

The process to approve policies had been strengthened, with policies being signed off through a Board, and it was noted the three outstanding Finance policies had been reviewed and were pending final consultation. A money laundering risk assessment had been completed, with no issues identified, and this process would be completed annually. It was noted Devon and Cornwall had no incidents to report in the quarter which related to fraud and corruption, which was confirmed as accurate.

05/25/52 Resilience Review for Devon and Cornwall [FOIA Open]

Nicky Allen presented the Resilience Review for Devon and Cornwall, which assessed the force's financial resilience. The self-assessment found most of the key financial resilience indicators were stable, and the force had a low funding gap with a good history of delivering savings. The force was required to make savings of 1.64% in 2026/2027, which was realistic and being managed through PBB. Usable reserves were held around 4%, with high levels of oversight, and was stable. Devon and Cornwall's council tax percentage was average when compared to other forces, and work was ongoing to look at the impacts of second home tax on assumptions.

Cost of borrowing was stable and built into the MTFs, however this was sensitive to slippage in the Capital Plan. Over 2025/2026, a large amount of slippage had been noted in the Capital programme, which was actively being monitored for improvement. Plans were ongoing to reach a position where short life assets were completely funded by revenue contribution to Capital, and it was expected this would be realised in approximately four years.

David Sidwick joined the meeting virtually, and Nicky Allen left the meeting.

05/25/53 Dorset OPCC Commissioning Intentions Plan [FOIA Open]

Simon Bullock presented the Dorset OPCC Commissioning Intentions Plan, which set out the Strategic Framework used to commission work, the various mechanisms through which funding is committed, and the relative proportions of spends across those mechanisms. The commissioning budget was relatively inflexible, and as a result strategic priorities were linked to the Police and Crime Plan, and were set around stewardship and continuity rather than redesign and pilots. 67% of total commissioning spend for the past year related to long-term contractual commitments. The remainder of the budget was allocated to other areas including partners, other agencies, local initiatives and staffing costs. Contracts remained under review and opportunities to improve provision were pursued when appropriate.

James Vaughan, Alison Hernandez and Fran Hughes joined the meeting in person.

Due to the limited flexibility, projects were selected based on their contributions to victim support, crime prevention and reducing reoffending.

Lisa MacKenzie left the meeting.

An understanding of outcomes of commissioning work would be beneficial for members to further assure the Committee. It was clarified that all work commissioned had clear outcomes set when they were commissioned, and detail was discussed at Police and Crime Panels. Robust arrangements were in place to scrutinise and manage the governance of grants, with clear delivery targets. It was noted that reputational risk was greater than the funds involved, which was addressed during due diligence undertaken before new suppliers were engaged.

05/25/54 Verbal Update by the Chief Constable and Police and Crime Commissioner [FOIA Open]

a. Police and Crime Commissioner Devon and Cornwall

Alison Hernandez provided a verbal update, with the following points raised:

- Outcomes of commissioning work was published in the OPCC Annual Reports.
- Devon and Cornwall OPCC had recently run national awards for their work.
- Devon and Cornwall OPCC were moving away from commissioning and towards a Strategic Investment Plan instead, to better deliver for policing in the community.

b. Police and Crime Commissioner Dorset

David Sidwick provided a verbal update, with the following points raised:

- Dorset OPCC remained focused on delivery of the Police and Crime Plan, and reductions had been noted in Anti-Social Behaviour, knife crime and burglary.
- Brief discussions were held regarding mergers, and it was noted that large mergers were not necessarily positive. Concerns were raised regarding the costs of potential mergers, and future funding for policing.

- Further details of the Government white paper were expected, and the Committee would benefit from a review of the workplan due to the increased potential risk of the change.
- It was noted previous discussion had been held regarding merging Dorset and Devon and Cornwall, and challenges had been noted regarding suitable Chief Officer oversight. Historical experiences suggested a merger would reduce the available focus on day-to-day policing, which posed a risk to delivery of public service.

c. Chief Constable Devon and Cornwall

James Vaughan provided a verbal update, with the following points raised:

- The Finance team and Committee were thanked for their work on accounts.
- Service delivery to the public should remain the priority of policing.
- Concerns remained regarding the potential for a merger, which was unlikely to be positively received by the public, in addition to the expected cost and time resources required for suggested the level of change. Whilst the existing model was not perfect, national delivery of projects was slow and costly.
- The force was removed from Engage, and force leadership was stabilised, with the overall number of Chief Officers reduced as part of the rank review. Performance was improving and was carefully monitored.
- A Strategic Plan had been approved in force, which includes the Police and Crime Plan, PBB and budget planning.
- Activity was ongoing to achieve savings.
- Op Resolve was underway to stabilise front-line policing.
- A new substantive Chief Constable was expected in 2027.
- Brief discussion was held regarding HMICFRS fieldwork planned, and the positive feedback received on progress the force had made towards discharging the outstanding causes for concern.

Members discussed the benefits of PBB and the return on investments from the work, and the importance of embedding the process.

Date, Time, and Location of Next Meeting

There being no other business the meeting closed at 1.22pm. The next Independent Audit Committee meeting will be held on Wednesday 1 April 2026 at 10.00am, in the Conegar Boardroom, HQ Winfrith and via Teams.



AGENDA NO: 07

INDEPENDENT AUDIT COMMITTEE**DATE OF MEETING: 1st April 2026****TITLE OF REPORT: SWAP Quarterly Update Report to IAC****REPORT BY:** *(Charlotte Wilson – Assistant Director (SWAP))***PURPOSE OF THE REPORT:**

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	Yes
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	Yes
Other <i>(please specify here)</i>	

*(Please ensure that all acronyms are written in full the first time they are used.)***1. BACKGROUND INFORMATION**

1.1 Regular progress report and summary of limited assurance reviews appendix.

Date of the Report: 17th March 2026



WORKING
TOGETHER



DORSET
POLICE



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK



SWAP
INTERNAL AUDIT SERVICES
Better Assurance, Together

Devon & Cornwall Police and The Office of the Police & Crime
Commissioner (OPCC)

Dorset Police and The Office of the Police & Crime
Commissioner (OPCC)

Report of Internal Audit Activity: April 2026

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

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Executive Summary

Rolling Opinion



Overall, we can continue to provide a **'reasonable'** rolling assurance opinion with four limited and five reasonable opinions issued since the last IAC.

Internal Audit Assurance Opinions 2025/26

	Period	YTD
Substantial	0	1
Reasonable	5	11
Limited	4	6
No Assurance	0	0
Total	9	18

Internal Audit Agreed Actions 2025/26

	Period	YTD
Priority 1	2	2
Priority 2	18	31
Priority 3	14	30
Total	34	63

Progress Since Previous Committee

	Highlights 4 Limited Assurance Opinions 2 Priority One and 18 Priority Two Actions
	Limited Assurances Limited assurance opinions have been issued for the Governance of Use of Force reviews for both Forces, the Devon & Cornwall review of Probity of POCA Money, and the Litigation Costs review. Please see Appendix A for further information.
	Significant Risks No significant risks have been identified since our last report.
	Plan Progress Following some delays in Force availability, fieldwork for the 2024/25 deferred audits of Occupational Health and Staff Movement (Vetting) is now progressing. All 2025/26 quarter one and two reviews have been completed. With the exception of one review (Regional Motor Insurance – in progress), all quarter three reviews are either complete or at reporting stage. Two quarter four audits are currently in the scoping stage (Alliance IAC Function Review and Regional Collaboration Governance), while all remaining quarter four audits are either complete, reporting or in progress.
	Plan Changes The HR – Employee Records review has been deferred to Q1 2026/27 to allow improved controls to be embedded. The planned business continuity reviews have been deferred by six months due to concerns over the current standard of business continuity and capacity constraints. Management noted that a review at this stage would add limited value, as the issues are already known and are being addressed internally.
	Profiled Delivery Seventy-five percent of the 2025/26 annual budget is now complete or in progress, along with 10% allocated to client liaison activities throughout the year. Six percent of the annual budget is currently at the scoping stage, while 9% has been deferred and will be carried forward to the 2026/27 annual budget.

2025/26 Plan Performance YTD

Performance Measure	Percentage
Completed	48.5%
Reporting	13%
In Progress	13.5%
Scoping	6%
Deferred	9%
Client Liaison	10%

Reports Finalised This Quarter

Audit Name	Assurance
DCP Probity of POCA Money	Limited
DCP Governance of Use of Force	Limited
DP Governance of Use of Force	Limited
Litigation Costs	Limited
DP Probity of POCA Money	Reasonable
DP Driving Awareness & FPNs	Reasonable
DCP Drones	Reasonable
DP Drones	Reasonable
Accounts Payable	Reasonable
Stores & Stock Control Follow Up	Follow Up
Q3 Actions Follow Up	Follow Up
Q4 Actions Follow Up	Follow Up

Appendix A Summary of Limited Assurance Opinion Reviews

Audit Title	Summary of Opinion/Findings			All actions to be implemented by:
DCP Probity of POCA Money		<p>Risk Reviewed</p> <p>Funds recovered under the Proceeds of Crime Act are lost, stolen or misused resulting in financial loss and reputational damage to the Force as well as a loss of confidence in policing.</p>	<p>Assessment</p> <p>Medium</p>	<p>Two actions agreed to be implemented by 31st May 2026</p>
	<p>Key Findings</p>			
		<p>There is no formally documented procedure in place for the reconciliation of POCA income. Reconciliations for the Joint Asset Recovery Team (JART) income began in July 2025, and the Force is still working on reconciling the Financial Investigation Unit's (FIU) income. Therefore, until July 2025, the Force had been accepting POCA allocations without adequate reconciliation. This could lead to financial inaccuracies, missed discrepancies, or reduced assurance over the completeness and accuracy of POCA income received.</p>		
		<p>In 2024/25, the Force received approximately £1.4m in POCA income. This was mainly used to fund the Joint Asset Recovery Team (JART) and Financial Investigation Unit (FIU), which jointly cost around £720k per annum. £80k was also distributed to community initiatives. In February 2025, it was agreed that additional surplus funds would be allocated to support additional crime prevention and reduction activities. The new process is due to be implemented later in 2025/26.</p>		
	<p>Each month, the Finance team issues an assurance statement to Budget Holders, outlining the budget position, actual and forecast income and expenditure across all accounts, including GV01, which is used for POCA income. Although this review includes income and expenditure related to POCA, it is not specifically focused on POCA alone.</p>			
<p>Summary</p>				
<p>The Force currently reviews income and expenditure, including POCA allocations, through monthly assurance statements and budget monitoring. However, it should formally document its reconciliation process and ensure that all POCA allocations are reviewed for accuracy and completeness, as the absence of this formal documentation increases the risk of financial inaccuracies or undetected discrepancies.</p>				

Appendix A Summary of Limited Assurance Opinion Reviews

Audit Title	Summary of Opinion/Findings			All actions to be implemented by:
DCP Governance of Use of Force		<p>Risk Reviewed</p> <p>Poor governance and oversight of the use of force could enable misconduct and undermine the legitimacy and effectiveness of policing. This may lead to a loss of public trust, legal and financial liabilities and reputational damage.</p>	<p>Assessment</p> <p>Medium</p>	<p>Four actions (including one P1 action) agreed to be implemented by 30th April 2026</p>
Key Findings				
	<p>The College of Policing Authorised Professional Practice (APP) sets out the requirements for officers requiring Public and Personal Safety Training (PPST). New police recruits complete an 8-day PPST course during initial training, with refresher training required every 365 days. The Force has adapted the APP into a local policy (D112), which is currently in draft with no timescale for its approval. There are approximately 559 officers currently unable to complete PPST for various reasons. Non-compliance with PPST presents significant operational and safety risk, exposing the Force to legal, regulatory, and reputational consequences if incidents are mishandled.</p>			
	<p>The governance structure for use of force has recently been revised. This presents an opportunity for the Force to review and strengthen how information flows through the various arrangements, ensuring that data and reporting on the use of force are communicated clearly, consistently, and in a timely manner. The current governance arrangements do not include OPCC oversight of use of force activity, which is in place at other forces. Devon & Cornwall Police should therefore explore introducing such oversight to help strengthen accountability, transparency, and governance.</p>			
Summary				
<p>Non-compliance with PPST presents operational and safety risks, exposing the Force to potential legal, regulatory, and reputational consequences. The Force should prioritise finalising its PPST policy and addressing expired training. Additionally, the Force should use the recent governance revisions to strengthen information flows, reporting, and overall governance arrangements, including considering the introduction of OPCC oversight into the framework.</p>				

Appendix A Summary of Limited Assurance Opinion Reviews

Audit Title	Summary of Opinion/Findings			All actions to be implemented by:
DP Governance of Use of Force		<p>Risk Reviewed</p> <p>Poor governance and oversight of the use of force could enable misconduct and undermine the legitimacy and effectiveness of policing. This may lead to a loss of public trust, legal and financial liabilities and reputational damage.</p>	<p>Assessment</p> <p>Medium</p>	<p>Four actions (including one P1 action) agreed to be implemented by 31st March 2026</p>
Key Findings				
	<p>The College of Policing Authorised Professional Practice (APP) sets out the requirements for officers requiring Public and Personal Safety Training (PPST). New police recruits complete an 8-day PPST course during initial training, with refresher training required every 365 days. The Force has adapted the APP into a local policy (D112), which is currently in draft with no timescale for its approval. There are approximately 200 officers currently unable to complete PPST for various reasons, with a further 56 officers eligible to attend but awaiting completion. Non-compliance with PPST presents significant operational and safety risk, exposing the Force to legal, regulatory, and reputational consequences if incidents are mishandled.</p>			
	<p>There is a breakdown in communication, feedback, and accountability across the operational, tactical, and strategic governance arrangements for the use of force. At the operational level, while use of force reviews are taking place, there is no formal process to ensure feedback and learning is communicated back to the officers, leading to a risk that lessons identified are not embedded in practice. At the tactical level, operational reporting into the Use of Force and Stop and Search Tactical Group needs to be formalised. At the strategic level, the relationship between the PCC's Use of Police Powers and Standards Scrutiny Panel (the Panel) and the Force Performance Group (the Group) lacks clarity, particularly around how findings and actions are communicated and escalated from the Panel to the Group. Collectively, these weaknesses undermine the effectiveness of governance, organisational learning, and accountability in relation to the use of force.</p>			
Summary				
<p>There are gaps in communication, feedback, and accountability across the operational, tactical, and strategic governance arrangements for the use of force within the Force. Feedback from operational reviews is not consistently shared with officers, and the flow of information between governance levels lacks clarity, weakening oversight, scrutiny and organisational learning. Additionally, the Force's local PPST policy (D112) remains in draft with no defined approval timeframe. There is also non-compliance with PPST requirements, which presents significant operational, safety, and reputational risks, as officers may not be adequately trained or equipped to manage high-risk situations effectively, and the Force may be unable to demonstrate robust governance and accountability in its use of force. Our audit did not assess the controls in place to manage officers with restrictions and therefore, we would recommend that this area be considered for inclusion as part of a future audit plan.</p>				

Appendix A Summary of Limited Assurance Opinion Reviews

Audit Title	Summary of Opinion/Findings			All actions to be implemented by:
Litigation Costs		<p>Risk Reviewed</p> <p>The Forces do not ensure an effective and efficient litigation service leading to errors, delays and penalties that result in financial loss and reputational damage.</p>	<p>Assessment</p> <p>Medium</p>	<p>Eight actions agreed to be implemented between 30th June 2026 to 30th September 2026</p>
Key Findings				
 The Joint Legal Services (JLS) case management system (Iken) in its current format is not fit for purpose. User access issues are regular and were evidenced during testing. This failure impacts the Team’s efficiency and effectiveness; reduced testing that could be completed and directly impacted the assurance opinion.				
 Testing indicated inconsistency in Iken fields populated and the completeness of information entered. This raised concerns in relation to the reserve information provided to Finance for in-year forecasting and year-end provisions. Pre-action disclosure application costs require enhanced coding if to be isolated for review.				
 Considerable ‘back-up’ was often included with requests for payment (RFP) emailed to Finance, increasing data protection risk. In addition, RFP approval fields were not always populated, and incorrect coding templates had been used, resulting in the wrong force paying invoices (already identified and resolved).				
 Iken included a ‘supervisor’ field, but this information could not be provided by the time of the conclusion of our sample review. Evidence of supervision was, however, seen during testing, and the Legal Services Operating Framework will in future formalise the recording of all parties involved in pre-litigation decisions.				
 Root cause analysis of the source of successful litigation, or claim settlement, is critical to understand the path to expenditure incurred and the lessons that can be learnt and fed back into training for all employees. Testing evidenced logical decisions made for the claims reviewed, where testing could be completed fully.				
Summary				
<p>At the time of concluding our review, the Joint Legal Services Team was managing the significant resource implications of the departure of the Senior (Litigation) Legal Advisor and of the Mazur Judgment. The Judgement clarified the limitations of litigation activity that can be completed by the Legal Executives (non-legally qualified staff), upon whose work the current service model relies. This compounded Iken inaccessibility issues experienced during testing and resulted in a limited sample of fully reviewed cases. We did not note any significant digressions from a logical, informed approach to decision-making in the sample reviewed and our limited assurance opinion is therefore not a reflection of the Team’s legal advice, but of the specific controls we have reviewed; the system in use, the limitations on testing, and findings that relate to the wider control framework. Iken reduces the Team’s efficiency and effectiveness, and mitigating action to continue to improve the system and data recording (whilst developing a new/upgraded CMS business case) should be taken when resources allow.</p>				



Joint Audit Plan for Dorset Police

Year ending 31 March 2026

16 March 2026



Contents

Section	Page
Introduction and headlines	03
Identified risks	05
Group audit	10
Our approach to materiality	11
IT audit strategy	13
Value for money arrangements	14
Logistics	19
Fees and related matters	21
Independence considerations	23
Communication of audit matters with those charged with governance	25
Appendices	27

Introduction and headlines

Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Dorset Police and Crime Commissioner (‘the PCC Group’) and Chief Constable (the CC) for those charged with governance. Those Charged with governance is the PCC Group and the Chief Constable as each is a corporation sole.

Respective responsibilities

- The National Audit Office (‘the NAO’) Code of Audit Practice 2024 (‘the Code’) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of PCC Group and Chief Constable. We draw your attention to these documents.



Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PCC Group and Chief Constable’s financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PCC Group and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC Group and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC Group and Chief Constable is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC Group and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error, have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of the net pension liability

We will communicate significant findings on these areas, as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £6.160m (PY £6m) for the Group, which equates to 2.5% of the prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £0.308m (PY £0.3m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in the use of resources identified the following risk(s) of significant weakness:

- Financial Sustainability – see page 17 for more details

Group Audit

The PCC Group is required to prepare group financial statements that consolidate the financial information of the PCC and Chief Constable.

Audit logistics

Our planning and risk assessment phase will take place in February and March and our final visit will take place from June - November. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor's Annual Report and Audit Opinions.

Our proposed fee for the audit will be £96,065 (PY: £99,398) for the Group and £55,168 (PY: £53,666) for the Chief Constable, subject to the PCC Group and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk Relates to</p> <p>PCC Group and Chief Constable</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<ul style="list-style-type: none">• Review of accounting estimates, critical judgements and significant decisions made by management• Evaluate the design and implementation of controls• Review of accounting policies and any changes to those policies• Testing of journals entries for appropriateness• Review of unusual significant transactions



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk

The revenue cycle includes fraudulent transactions
Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue

Risk Relates to

PCC Group and Chief Constable

Audit team's assessment

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the CC and PCC Group, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited;
- the culture and ethical frameworks of police bodies, including the CC and PCC group, mean that all forms of fraud are seen as unacceptable.

Therefore, we do not consider this to be a significant risk for the CC and PCC Group.

Planned audit procedures

We do not consider this to be a significant risk for the PCC Group or CC and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

The expenditure cycle includes fraudulent transactions
Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Risk Relates to

PCC Group and Chief Constable

We have identified and completed a risk assessment of all expenditure streams for the PCC Group/ CC. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.

We do not consider this to be a significant risk for the PCC Group or CC and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of land and buildings Risk Relates to PCC Group	<p>The PCC (and group) revalue land and buildings on an annual basis to ensure that the carrying value is not materially different from their current value (or fair value for surplus assets) at the financial statements date, via full valuations or on a desktop basis.</p> <p>Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimates to changes in key assumptions.</p>	Based on the assumptions applied in determining asset values, we have identified the valuation of the Group's Land and Buildings as a significant risk	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the PCC (and group's) asset register; and to critically assess the inputs and assumptions used in the valuations of this same sample against comparable and market evidence, to ensure an appropriate and materially accurate estimate has been determined; • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. • the 2025/26 CIPFA Code introduces a new revaluation expedient for Property, Plant and Equipment, requiring assets to be revalued at least every five years, or on a five-year rolling programme, with interim years supported by indexation. We will review management's assumptions in selecting and applying indices to ensure that both the chosen indices and the asset groupings are appropriate.



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements, management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Reason for risk identification	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability - Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS)</p> <p>Risk Relates to</p> <p>PCC Group and Chief Constable</p>	<p>The Group's net defined benefit pension liability reflected in its balance sheet represents a significant estimate in the financial statements. It is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local authority accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.</p> <p>A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 net liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation.</p>	<p>Based on the assumptions applied in determining the valuation of the pension fund net liability, we have identified this as a significant risk. This covers both the LGPS and PPS</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; • evaluate the competence, capabilities and objectivity of the actuary; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test the consistency of the pension fund asset (LGPS only) and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • obtain assurances from the auditor of Dorset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements for the LGPS only; and • test the accuracy of the triennial valuation data submitted to the actuary (LGPS only).

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC Group and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the PCC Group and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act)
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audits.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Scope of group audit

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

Component	Risk of material misstatement to the PCC group	Location	Auditor	Audit scope	Statutory audit
PCC for Dorset	Yes	Dorset	Grant Thornton UK		Yes
Chief Constable of Dorset	Yes	Dorset	Grant Thornton UK		Yes

Key changes within the group

We are not aware of any key changes within the group.

Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and not only applies to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Planned audit procedures

Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PCC Group and CC, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine planning materiality to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes
- assist in evaluating the effect of known and likely misstatements in the financial statements

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

An item may be considered to be material by nature when it relates to:

- instances where greater precision is required (e.g. senior officer remuneration and audit fees)

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

	Amount (£)	Qualitative factors considered
Materiality for the Group, PCC and CC financial statements	6,160,000	This is approximately 2.5% of the Chief Constable's gross expenditure for the 24/25 period.
Triviality for the Group, PCC and CC financial statements	308,000	This is approximately 5% of the Materiality threshold.
Materiality for Senior Officers Remuneration	20,000 (per officer)	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as the disclosures are considered sensitive of high public interest.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4	Financial reporting	<ul style="list-style-type: none">ITGC assessment (design and implementation)

Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PCC Group and CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the PCC Group and CC plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the PCC Group and CC ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the PCC Group and CC uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Risk assessment of the PCC Group/CC's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	<p>A</p> <p>No significant weakness in arrangements identified. We raise an improvement recommendation in relation to the ongoing work, including that of Project Evolve in identifying savings and wider efficiencies to support financial resilience in the medium term.</p>	<p>In our 2024/25 Auditor's Annual Report, we raised an improvement recommendation that the Force should continue its work as part of Project Evolve to work to identify savings and wider efficiencies so that the use of reserves to balance the revenue budget is minimised.</p> <p>Review of the budget for 2026/27 and the Medium-Term Financial Plan (MTFP) for 2027/28 to 2029/30 indicates ongoing financial pressures requiring further savings and efficiencies to be identified. After factoring in budget pressures, planned efficiency savings and anticipated additional income, a residual budget gap of £1.5m remains for 2026/27. A cumulative budget gap of £10.986m has been identified based on current assumptions over the life of the MTFP.</p> <p>We acknowledge the ongoing work of Project Evolve to develop the best and most affordable service going forward. The ongoing financial stress is, however, an indicator of a significant weakness in arrangements to ensure sustainable delivery of services and minimising the use of reserves to balance the revenue budget.</p>	<p>Given the risk of significant weakness identified, we will undertake additional risk-based procedures focusing on arrangements for developing further savings and wider efficiencies (through Project Evolve) and arrangements to maintain general reserves balances.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	G No significant weaknesses in arrangements identified and no improvement recommendation made.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	G No significant weaknesses in arrangements identified and no improvement recommendation made.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the PCC/Group and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the PCC/Group and CC's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the PCC/Group and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC/Group to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC/Group and CC. We have defined these recommendations as 'key recommendations'.

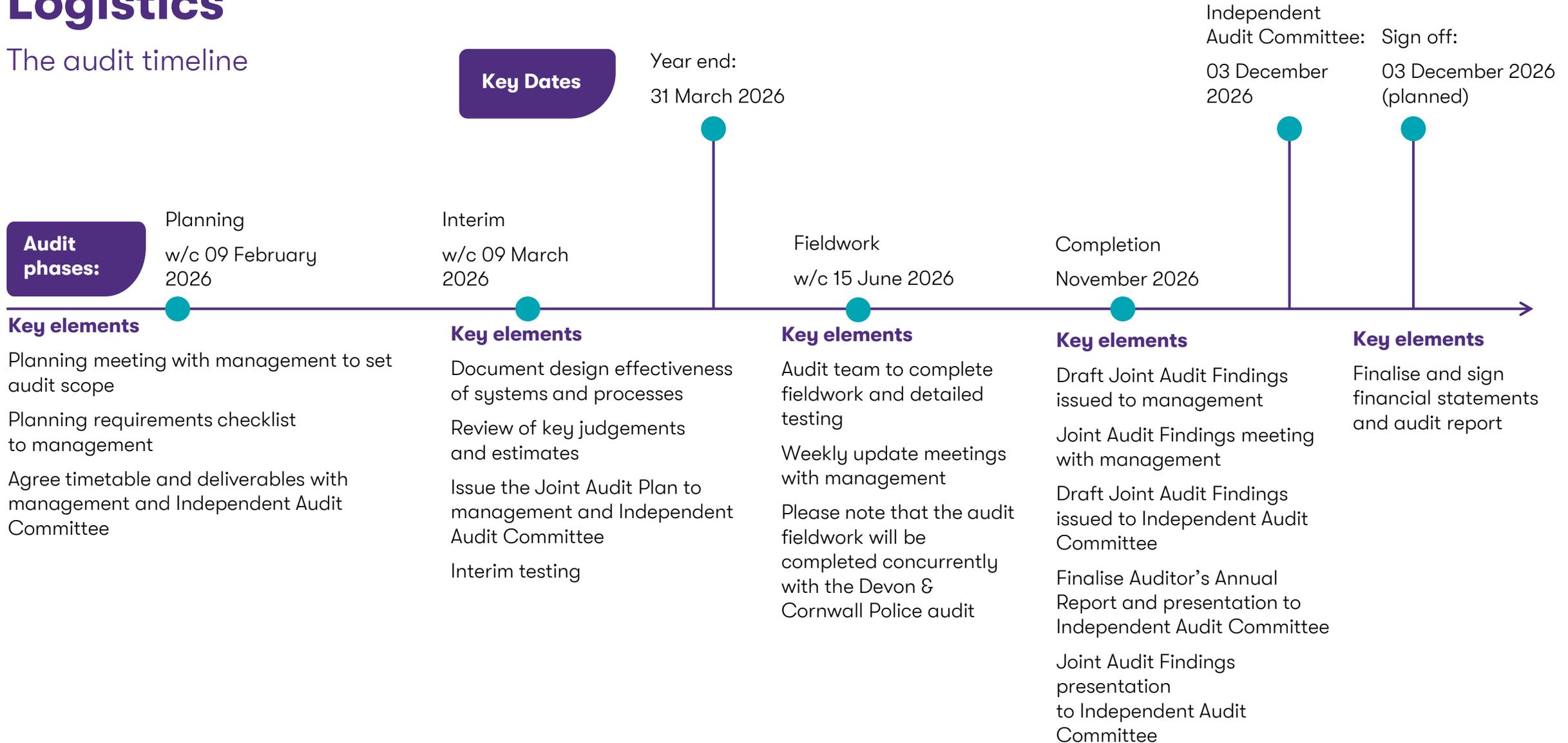


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Grace Hawkins

Engagement
Lead/Key Audit
Partner

- Key contact for senior management and Independent Audit Committee
- Overall quality assurance



Macaulay Gulliford
Audit Manager

- Audit planning
- Resource management
- Performance management reporting



Gabriel Calland
Audit In-charge

- Audit team management
- Day-to-day point of contact
- Audit planning and fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Joint Audit Plan • The Joint Audit Findings • Joint Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Dorset PCC and CC to begin with effect from 2018/19. This contract was re-tendered in 2023, and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £96,065 for the PCC and £55,168 for the CC.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)

- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate (continued)

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC/Group and CC will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Land and Building valuations;
 - Pension Liabilities;
 - Fair Value of Loans

Previous year

In 2024/25 the scale fee set by PSAA was £93,449 for the PCC and £53,666 for the CC. The actual fee charged for the audit was £99,398 for the PCC and £53,666 for the CC.

Audit Fees	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PSAA Scale Fee - PCC Group Audit	93,449	96,065
IFRS 16 & ISA 600 - PCC Group Audit	5,949	-
PSAA Scale Fee - Chief Constable Audit	53,666	55,168
Total (Exc. VAT)	153,064	151,233

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm no breaches have been identified.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PCC Group and CC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the CC and PCC Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the PCC Group and CC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the PCC Group and CC.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the PCC Group and CC's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the PCC Group and CCs accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audits, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audits, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

15 Appendices

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are re expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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Joint Audit Plan for Devon and Cornwall Police

Year ending 31 March 2026

18 March 2026



Contents

Section	Page
Introduction and headlines	03
Identified risks	05
Group audit	10
Our approach to materiality	11
IT audit strategy	13
Value for money arrangements	14
Logistics	19
Fees and related matters	21
Independence considerations	23
Communication of audit matters with those charged with governance	25
Appendices	27

Introduction and headlines

Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Devon and Cornwall Police and Crime Commissioner (‘the PCC Group’) and Chief Constable (the CC) for those charged with governance. Those Charged with governance is the PCC Group and the Chief Constable as each is a corporation sole.

Respective responsibilities

- The National Audit Office (‘the NAO’) Code of Audit Practice 2024 (‘the Code’) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of PCC Group and Chief Constable. We draw your attention to these documents.



Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PCC Group and Chief Constable’s financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PCC Group and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC Group and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC Group and Chief Constable is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC Group and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error, have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of the net pension liability

We will communicate significant findings on these areas, as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £14.4m (PY £11.0m) for the Group, which equates to 2.5% of the prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £0.720m (PY £0.600m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in the use of resources identified the following risk(s) of significant weakness:

- Improving economy, efficiency and effectiveness – see page 17 for more details

Group Audit

The PCC Group is required to prepare group financial statements that consolidate the financial information of the PCC and Chief Constable.

Audit logistics

Our planning and risk assessment phase will take place in February and March and our final visit will take place from June - November. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor's Annual Report and Audit Opinions.

Our proposed fee for the audit will be £118,427 (PY: £128,802) for the Group and £63,672 (PY: £63,236) for the Chief Constable, subject to the PCC Group and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk Relates to</p> <p>PCC Group and Chief Constable</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<ul style="list-style-type: none">• Review of accounting estimates, critical judgements and significant decisions made by management• Evaluate the design and implementation of controls• Review of accounting policies and any changes to those policies• Testing of journals entries for appropriateness• Review of unusual significant transactions



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified

Significant risk

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue

Risk Relates to

PCC Group and Chief Constable

Audit team's assessment

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the CC and PCC Group, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited;
- the culture and ethical frameworks of police bodies, including the CC and PCC group, mean that all forms of fraud are seen as unacceptable.

Therefore, we do not consider this to be a significant risk for the CC and PCC Group.

Planned audit procedures

We do not consider this to be a significant risk for the PCC Group or CC and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

The expenditure cycle includes fraudulent transactions

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Risk Relates to

PCC Group and Chief Constable

We have identified and completed a risk assessment of all expenditure streams for the PCC Group/ CC. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.

We do not consider this to be a significant risk for the PCC Group or CC and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified

Significant risk	Reason for risk identification	Audit team’s assessment	Planned audit procedures
Valuation of land and buildings Risk Relates to PCC Group	<p>The PCC (and group) revalue land and buildings on an annual basis to ensure that the carrying value is not materially different from their current value (or fair value for surplus assets) at the financial statements date, via full valuations or on a desktop basis.</p> <p>Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimates to changes in key assumptions.</p>	Based on the assumptions applied in determining asset values, we have identified the valuation of the Group’s Land and Buildings as a significant risk	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the PCC (and group’s) asset register; and to critically assess the inputs and assumptions used in the valuations of this same sample against comparable and market evidence, to ensure an appropriate and materially accurate estimate has been determined; • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. • the 2025/26 CIPFA Code introduces a new revaluation expedient for Property, Plant and Equipment, requiring assets to be revalued at least every five years, or on a five-year rolling programme, with interim years supported by indexation. We will review management’s assumptions in selecting and applying indices to ensure that both the chosen indices and the asset groupings are appropriate.



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements, management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified

Significant risk	Reason for risk identification	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability - Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS)</p> <p>Risk Relates to</p> <p>PCC Group and Chief Constable</p>	<p>The Group's net defined benefit pension liability reflected in its balance sheet represents a significant estimate in the financial statements. It is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local authority accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.</p> <p>A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 net liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation.</p>	<p>Based on the assumptions applied in determining the valuation of the pension fund net liability, we have identified this as a significant risk. This covers both the LGPS and PPS</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; • evaluate the competence, capabilities and objectivity of the actuary; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test the consistency of the pension fund asset (LGPS only) and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements for the LGPS only; and • test the accuracy of the triennial valuation data submitted to the actuary (LGPS only).

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC Group and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the PCC Group and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act)
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audits.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Scope of group audit

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

Component	Risk of material misstatement to the PCC group	Location	Auditor	Audit scope	Statutory audit
PCC for Devon & Cornwall	Yes	Devon & Cornwall	Grant Thornton UK		Yes
Chief Constable of Devon & Cornwall	Yes	Devon & Cornwall	Grant Thornton UK		Yes

Key changes within the group

We are not aware of any key changes within the group.

Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and not only applies to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Planned audit procedures

Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PCC Group and CC, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine planning materiality to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes
- assist in evaluating the effect of known and likely misstatements in the financial statements

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

An item may be considered to be material by nature when it relates to:

- instances where greater precision is required (e.g. senior officer remuneration and audit fees)

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

	Amount (£)	Qualitative factors considered
Materiality for the Group, PCC and CC financial statements	14,400,000	This is approximately 2.5% of the Chief Constable's gross expenditure for the 24/25 period.
Triviality for the Group, PCC and CC financial statements	720,000	This is approximately 5% of the Materiality threshold.
Materiality for Senior Officers Remuneration	20,000 (per officer)	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as the disclosures are considered sensitive of high public interest.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4	Financial reporting	<ul style="list-style-type: none">ITGC assessment (design and implementation)

Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PCC Group and CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the PCC Group and CC plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the PCC Group and CC ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the PCC Group and CC uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Risk assessment of the PCC Group/CC's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	<p>G No significant weaknesses in arrangements identified and no improvement recommendation made.</p>	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	<p>G No significant weaknesses in arrangements identified and no improvement recommendation made. This area is now rated Green as a result of His Majesty's Inspectorate of Constabulary and Fire and Rescue Services' (HMICFRS) returning the Force to its default monitoring arrangements evidencing improvements in arrangements.</p>	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Improving economy, efficiency and effectiveness</p>	<p>A</p> <p>We have closed the prior year significant weakness. HMICFRS exited the Force from Engage in July 2025. An improvement recommendation raised in relation to continuing grip on fully addressing the two remaining causes of concern and ensuring sustained performance improvement.</p>	<p>One risk of significant weakness identified in relation to the need to fully address HMICFRS's two remaining causes of concern as well as maintaining a grip on delivery of wider sustained performance improvement.</p>	<p>Given the identified risk of significant weakness, we will undertake additional risk-based procedures focusing on the arrangements for addressing the two outstanding HMICFRS causes of concern and assessing progress in delivering wider, sustained performance improvements.</p> <p>We are aware that a HMICFRS PEEL inspection is expected in May 2026. We will consider the implications of this as part of our risk-based procedures and follow up on any relevant developments during the audit.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the PCC/Group and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the PCC/Group and CC's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the PCC/Group and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC/Group to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC/Group and CC. We have defined these recommendations as 'key recommendations'.

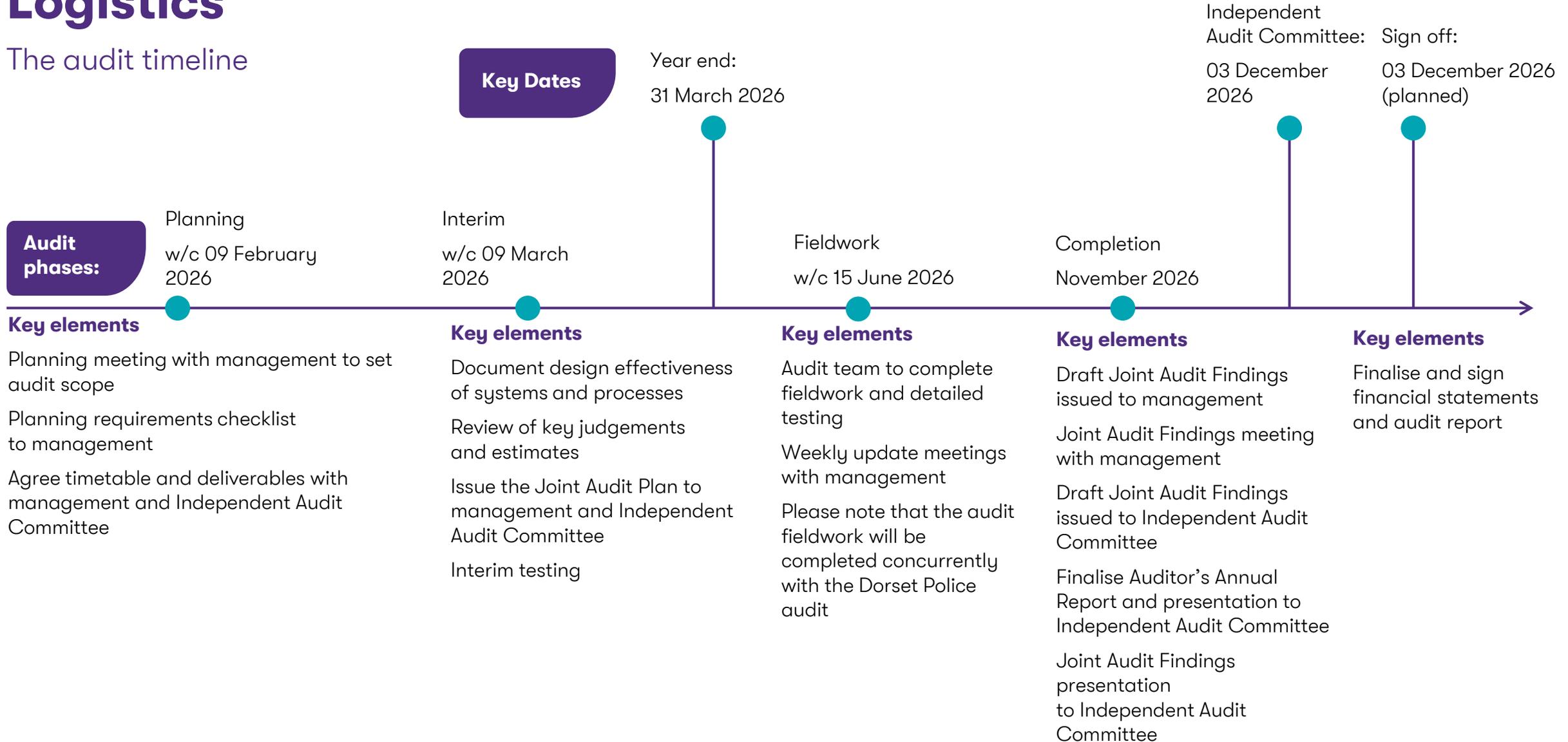


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Grace Hawkins

Engagement
Lead/Key Audit
Partner

- Key contact for senior management and Independent Audit Committee
- Overall quality assurance



Macaulay Gulliford
Audit Manager

- Audit planning
- Resource management
- Performance management reporting



Gabriel Calland
Audit In-charge

- Audit team management
- Day-to-day point of contact
- Audit planning and fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Joint Audit Plan • The Joint Audit Findings • Joint Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Devon & Cornwall PCC and CC to begin with effect from 2018/19. This contract was re-tendered in 2023, and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £118,427 for the PCC and £63,672 for the CC.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)

- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate (continued)

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC/Group and CC will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Land and Building valuations;
 - Pension Liabilities;
 - Fair Value of Loans

Previous year

In 2024/25 the scale fee set by PSAA was £117,797 for the PCC and £63,236 for the CC. The actual fee charged for the audit was £128,802 for the PCC and £63,236 for the CC.

Audit Fees	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PSAA Scale Fee - PCC Group Audit	117,797	118,427
IFRS 16, ISA 600 & use of expert - PCC Group Audit	11,005	-
PSAA Scale Fee - Chief Constable Audit	63,236	63,672
Total (Exc. VAT)	192,038	182,009

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm no breaches have been identified.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PCC Group and CC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the CC and PCC Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the PCC Group and CC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the PCC Group and CC.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the PCC Group and CC's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the PCC Group and CCs accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audits, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audits, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

15 Appendices

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are re expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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AGENDA NO: 09

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 1 April 2026

FOIA OPEN

TITLE OF REPORT: STATEMENT OF ACCOUNTS PREPARATION

SPONSOR: ROBIN WHEELER, HEAD OF FINANCE

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	
External Audit	
Financial reporting	X
Other matter (please specify here)	
Appendices (please specify the number)	0

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	X
Other (please specify here)	

1. BACKGROUND INFORMATION

1.1 This report: outlines the preparation for the 2025/26 Statement of Accounts; accounting policies; and other matters of relevance.

2. PREPARATION FOR THE 2025/26 STATEMENT OF ACCOUNTS

2.1 Following the production of the previous year’s draft accounts, the technical accounting team take the earliest opportunity to capture feedback on the closedown process from the wider team. The general feedback was that the process worked well and so a consistent approach to templates and processes have been used to produce the 2025/26 accounts.

- 2.2 In addition to the feedback received, leads for this area of work take the opportunity to share with the wider team, the issues encountered when producing the accounts and give guidance on the correct approach so that lessons can be learnt.
- 2.3 During the year end process, learning from the Chief Financial Officers' review and from the audit of the previous accounts, both through feedback and requests for information, has also been taken on board. For example, at the recent development day, the audit recommendations relevant to the wider group were shared and discussed in detail.
- 2.4 The accounts template for Devon and Cornwall and Dorset has been rolled forward. With regards to the booklets, Corporate Communications has been engaged with to develop a template that is more user friendly for both the team and readers of the accounts.
- 2.5 A series of "Year-End Surgery" workshops has already commenced. This is an opportunity for the team to raise queries and to receive guidance on how to approach certain tasks. All these sessions and subsequent discussions contribute to ensuring that everyone is clear about their responsibilities and contribution to the accounts.
- 2.6 CIPFA and Grant Thornton year-end related training sessions have been attended by the leads for this area of work.

3. ACCOUNTING POLICIES AND CODE

- 3.1 A detailed review of accounting policies has been undertaken. This review included a cross reference between the 2024/25 and 2025/26 accounting policies in the CIPFA code.
- 3.2 The main change introduced to the 2025/26 CIPFA Code is the introduction of a revaluation requirement for property, plant and equipment once every five years, or on a five-year rolling basis, supported by indexation in intervening years. This change is a response to the HM Treasury Thematic Review on non-investment assets and aims to provide a more up to date valuation of these assets.
- 3.3 The technical team are working with the valuers to implement this change.
- 3.4 The CIPFA Bulletin that is due for release within the next couple of weeks may contain further updates. If so, these will be considered and discussed with the Chief Financial Officers.

4. OTHER MATTERS OF RELEVANCE

- 4.1 The statutory deadline for publishing the 2025/26 draft set of accounts is the 30th June. We will be aiming to have a draft set of accounts for Chief Financial Officer review and subsequent publication mid June.

Author: Lucinda Hines
Sponsor: Robin Wheeler

16 March 2026

**AGENDA NO: 10b****INDEPENDENT AUDIT COMMITTEE****DATE OF MEETING: 01 April 2026****TITLE OF REPORT: Devon & Cornwall Police Risk Update****REPORT BY:** Phil Rigg, Planning & Performance Manager**PURPOSE OF THE REPORT:**

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	X
Internal Audit	
External Audit	
Financial reporting	
Other matter (<i>please specify here</i>)	
Appendices (<i>please specify the number</i>)	0

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	X
Other (<i>please specify here</i>)	

1. BACKGROUND INFORMATION

- 1.1 The seventh submission of the Force Management Risk Register (FMRR) was made to the Force Executive Board (FEB) on 30 August 2025. The next submission of the FMRR will be on 07 April 2026.
- 1.2 After due consideration by the OPCC, the previous risk deep dive arrangements were reinstated for the October 2025 submission of the FMRR, with the next Force and OPCC Executive Deep Dive scheduled for 22 April 2026. The FMRR will then be considered by the Commissioner's Accountability Board on 20 May 2026.
- 1.3 Under the FMRR process, each area of the force is proactively scrutinised, and a *Risk Statement* produced, which is informed by the appropriate departmental

risk register(s), with the Executive Owner then deciding which *Risk Statements* they wish to escalate to the FMRR, leading to a comprehensive understanding of the Force risk landscape (Figure 1).

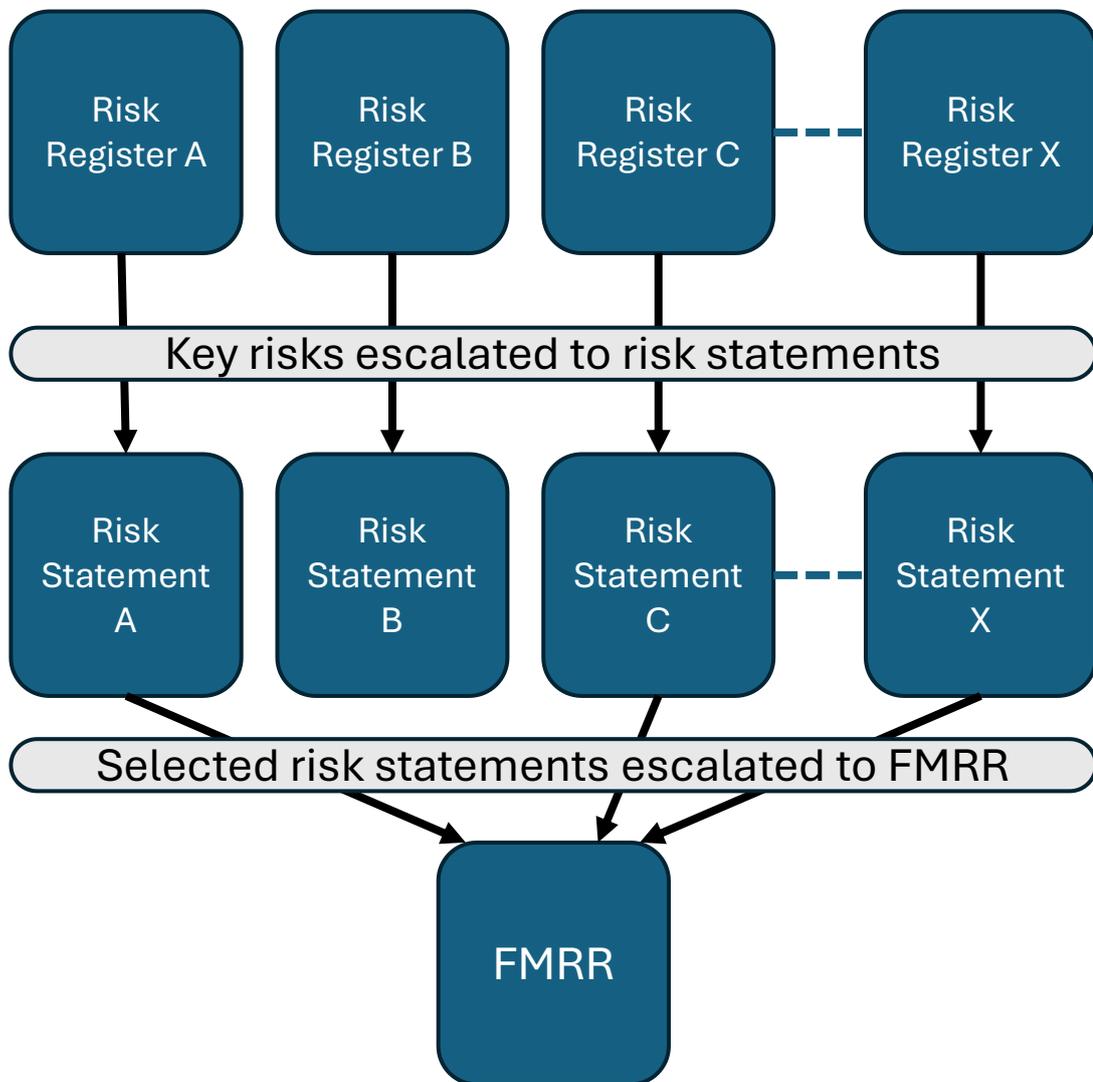


Figure 1

- 1.4 The main benefit of adopting the FMRR approach to risk management was to align the Force's risk management processes and products with the Force Management Statement (FMS). The FMRR concept was proven in 2024, when the FMRR was used to support the production of the Force Management Statement (FMS) in extremely challenging timescales and the FMRR was the main source of information for populating the FMS. It was proven again in 2025, when the Force received Outstanding or Good assessments for all the FMS criteria in its FMS provisional feedback. The FMRR/FMS approach continues to be used this year (2026) alongside Priority Based Budgeting (PBB) and should continue to reduce the effort required to produce and ensure alignment and consistency between these key governance products.

Scrutiny

1.5 Following the Risk Maturity Audit by SWAP in 2025, DCP achieved an assurance opinion of *Reasonable*. SWAP also used a Risk Management Maturity (RMM) tool previously developed by SWAP to assess the Force's RMM using terms defined by the Institute of Internal Auditors (IIA), against which the Force achieved an overall score of 3.8 (out of 5), which is closest to an assessment of *Risk Managed*.

1.6 The Risk Maturity Audit identified three Priority 2 Management Actions:

- The Lead Planning and Performance Manager has agreed to ensure the risk appetite for the Force is determined and that a process is introduced to allow the regular review of the risk appetite to ensure it remains appropriate.

This is a substantial piece of work which originally had a timescale of 31.03.26, and whilst the Dorset Strategic Risk Manager and DCP Force Risk Lead are making steady progress, and have begun to pilot the process with Information Management and Joint Legal Services, it is very unlikely that the work will have been completed by 31 March given other ongoing work, which includes updating the DCP FMRR and Dorset Corporate Risk Register for submission in April, FMS work and Priority Based Budgeting. A further complication is the impending retirement of the DCP Force Risk Lead at the end of April and the onboarding of a new DCP Risk Manager. Therefore, a more realistic completion date for DCP would be 30.09.26, which would have the additional benefit of leveraging any knowledge on risk appetite that the new DCP Risk Manager might have and would also ensure their buy-in to the chosen approach.

- The Lead Planning and Performance Manager has agreed to ensure there is a process in place to share risk management training documents and guidance with new members of the Executive, SLT and department heads, and that members are directed to this training at an appropriate frequency to ensure continued awareness.

The DCP-P-091 Risk Management Policy is being updated to say that all new members of the Force Executive, Department Heads and members of their management teams should familiarise themselves with the contents of the Force Strategic Risk Management page on SharePoint (which is a repository for all the necessary information). This will be followed up with contact by risk practitioners. The policy also states that a reminder will be sent to members of the Force Executive and Department Heads to refamiliarise themselves annually, and the first of these reminders has been circulated in the covering paper for the April 2026 submission of the FMRR. The timescale for this recommendation was 31.12.25.

- The Lead Planning and Performance Manager has agreed to request that all risk owners enter dates when updating the status of a risk so that the reader can easily determine the date of the most recent action taken, and to also enter a reason if they are unable to assign further information.

This recommendation has been completed; all entries should have dates and who provided the update, as described in the DCP-Pr-031 Risk Management Step by Step Guide. This was followed up with an email and verbal briefings to remind the risk practitioners of the process, as they are responsible for inputting updates into the risk management system. This is a compliance issue that will continue to be monitored.

- 1.7 A key finding of the audit was that DCP was not formally recording internal controls for all risks. Training on recording internal controls has been provided to the risk practitioners and the *DCP-Pr-031 Risk Management Step by Step Guide* is being updated accordingly. The risk practitioners are now recording internal controls and the risk reports (inc. the FMRR) have been changed to incorporate details of the applicable internal controls.

Risk Training and Development

- 1.8 The Force Risk Lead continues to actively contribute to and learn from the NPCC NRMF (National Police Chiefs' Council National Risk Management Forum) and the Regional Risk Management Group, which is facilitated by Devon County Council and has attendees from across the peninsula.
- 1.9 The Force Risk Lead has been asked to deliver the Risk Management and FMS Input for the Organisational & Business Leadership Module for Mid-Level Leaders, which provides an ideal opportunity to further embed enterprise risk management in the Force.
- 1.10 A Strategic Risk Management Portal has been built on SharePoint, which provides a single location and repository for help and guidance on how enterprise risk management is conducted in the Force and in conjunction with Dorset Police. The Portal continues to be the subject of ongoing enhancement and development.

Financial Planning and Risk Management

- 1.11 Risk management is a fundamental part of financial planning, as illustrated in the following excerpt from the introductory paragraph of the Chief Constable's letter of 22 January 2025 to the PCC on the Budget Proposal 2025/26:

I write to outline my operational budget proposal for the following four years. The proposal incorporates the government funding settlement announcements in December and has regard to the new Police and Crime Plan 2025-29, the Force's Strategic Roadmap, the Force Management Risk Register and Force Management Statement.

- 1.12 This year (2026) the FMRR, FMS and Priority Based Budgeting (PBB) processes are being conducted in concert and are being facilitated by the risk practitioners (Planning & Performance Managers) so that the three processes are able to inform each other and are consistent and aligned.

- 1.13 Any risks arising from the Force's budget and any planned cost savings are escalated through the Force Management Risk Register, as necessary.

Risk Appetite

- 1.14 See par. 1.6, first bullet.

Risk Internal Controls

- 1.15 See par. 1.7.

Force Risk Manager

- 1.16 The current Force Risk Lead, who has been in post for fourteen years, will be retiring in April 2026. Performance & Analysis are currently in the process of recruiting a Strategic Risk Manager, interviews are scheduled for 05 and 11 March 2026.

Risk Management System

- 1.17 Currently DCP, Dorset Police, the OPCC for Devon & Cornwall and the Dorset OPCC all use the Ideagen Risk¹ web hosted software application for recording risk and risk reporting. Ideagen is also used variously for planning, managing recommendations and managing correspondence across the four corporations sole.
- 1.18 The Forces understood that Ideagen would no longer be providing Ideagen Risk from October 2026 and would be replacing it with another product. At a meeting instigated by the Forces, Ideagen informed the Forces that they are developing a product to replace Ideagen Risk, but that they aren't planning to withdraw Ideagen Risk until the two applications have achieved functional parity, which is likely to take three years, and even then there may be options for retaining at least some access to Ideagen Risk going forward..

2. STRATEGIC ALLIANCE DEVELOPMENTS

- 2.1 Both Dorset Police and DCP continue to work closely to ensure that their processes are as closely aligned as possible whilst continuing to meet the local needs of both Executives. This is facilitated in large part by both executive leads (Dorset DCC and the Director of Legal, Reputation Risk) and the practitioner leads (Dorset Strategic Force Risk Manager and DCP Force Risk Lead) continuing to work closely to ensure that neither force's process nor the reporting of Strategic Alliance risk is compromised by the adoption of process changes by either force.
- 2.2 The Joint Executive Board (JEB) risk deep dive programme was suspended for the duration of the Priority Based Budgeting exercise. A revised risk deep dive

¹ Formerly known as Pentana and Covalent.

programme has been developed but is subject to change to meet changing priorities and demands.

- 2.3 The next Strategic Alliance Risk Report is likely to be submitted to Working Together Board in mid-2026, following the submission of the latest FMRR/CRR (Dorset Corporate Risk Register) update.

Issue 1.0
06.03.26



PCC

Office of the Police and
Crime Commissioner
Devon and Cornwall

Annual Governance Statement 2025/26

Office of the Police and Crime
Commissioner for Devon & Cornwall
and the Isles of Scilly

March 2026



Foreword from the Commissioner

Welcome to the Annual Governance Statement (AGS) for 2025/26. The AGS outlines what the key governance structures and processes were during the financial year and captures the main findings arising from the annual review of those arrangements. This is the second AGS of my third consecutive term of office. This year the benefits of strong governance in policing, which is accountable to the public of Devon, Cornwall and the Isles of Scilly could not be more relevant and topical with the changes to policing governance across England and Wales announced by the government.

The Office of the Police & Crime Commissioner (OPCC) Annual Governance Statement is produced separately to that of Devon and Cornwall Police. The AGS is a key document which provides the OPCC with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and activity within the organisation and across Devon and Cornwall Police and our strategic alliance with Dorset Police

It is vital that the statement itself, the process to develop it and the political review and discussion of the statement are taken within the operating context of the Office of the Police and Crime Commissioner and the emerging opportunities, risks, and threats that policing faces.

The legal duties of a Police and Crime Commissioner are clearly defined within the following:

- Police Reform and Social Responsibility Act 2011
- Policing Protocol Order 2023
- Financial Management Code of Practice for the Police, Fire and Rescue Services 2018
- Local Government Act 1999



My team deliver high quality services to our communities. To be effective we rely on our Code of Corporate Governance and other governance arrangements as the framework to make sure that service delivers against my statutory duties and Police and Crime Plan priorities. We have a responsibility to ensure that our governance arrangements, as a single organisation and where we share arrangements with others, remain fit for purpose and we undertake a review on an annual basis.

Where our review has identified positive practice or areas for improvement, we will capture those in the relevant section of this AGS.

Overall, the review undertaken to inform this AGS indicated that the key structures and processes that were in place during 2025/26, were robust and continued to provide a high level of confidence in the governance arrangements and that:

- Decisions are ethical, open, honest, and evidence based.
- Public money is safeguarded.
- Risk is effectively managed.
- Transparency comes as a matter of course.
- Processes are continually improved.

2025/26 Operating Environment

At the outset of this statement, it is important to record the operating environment and context in which services were delivered and this AGS drafted.

The Police and Crime Commissioner and her office are charged with the governance of policing in Devon, Cornwall and the Isles of Scilly. This includes all police funding (capital, revenue and investments) and all income for Devon and Cornwall Police as well as the ownership of most assets and the ownership and management of the police estate. The Code of Corporate Governance is reviewed on a bi-annual basis.

There is no doubt that 2025/26 has been a challenging environment both locally and nationally. The Police and Crime Commissioner Alison Hernandez was re-elected for a third consecutive term in May 2024. In the general election which followed in July 2024 a Labour government was elected and the national landscape relating to policing and public services changed. This political landscape and a variety of local, national and international events have shaped the delivery of policing and the OPCC and continue to do so.

Locally, the leadership challenges for policing were resolved during 2025 with the retirement of Chief Constable Will Kerr QPM in July 2025 and the return to work of James Colwell following a misconduct process. Continuity in leadership continues to be provided by Chief Constable James Vaughan QPM.

In November 2025, the government announced that Police and Crime Commissioners will be abolished when their current terms of office end in May 2028. The subsequent announcement of the policing reform white paper (From Local to National: A New Model for Policing) intends to change the governance and delivery models of policing in England and Wales over the coming years.

The announcement on the future of police and crime commissioners was made without consultation and OPCCs were given less than an hour's notice of this announcement leaving little time to inform staff.

This announcement and the impending changes to local government are now inextricably linked. In any areas which are unlikely to have a mayoral governance model such as Devon and Cornwall then the proposed model will be a Local Policing Board. This Board will be made up from leaders of upper tier local authorities. The details of these arrangements are yet to be worked out, but it is unlikely that OPCC functions and therefore its staff will transfer in totality to these new arrangements. We understand this also to mean that the two statutory officers will not be required as these salaries and that of the Police and Crime Commissioners have been accounted for in the government's estimated savings by changing the model. This effectively means that the OPCC is now entering a period of transition to the new arrangements.

As part of the introduction of elements of this White Paper the government will be commissioning an independent review of policing boundaries to determine what the future structure of policing across England and Wales will look like. This has significant implications for Devon and Cornwall Police and its communities and the level and type of policing services that our communities will receive in the future.

Further changes to police funding arrangements and the late announcement of the police funding settlement in December 2025 have added complexity to strategic planning arrangements and a further reliance on local taxation (43%, an increase of 1% from the previous year) to deliver policing across both counties and islands.

2025/26 Operating Environment

The government has also announced a leadership review of policing through a specially appointed board. This review is due to seek feedback during 2026.

Under the leadership of Chief Constable Mr James Vaughan QPM Devon and Cornwall Police was removed from HMICFRS enhanced monitoring, reflecting the commitment of officers, staff and volunteers to deliver continuous improvement. What is clear is the need for strong, stable and experienced leadership in policing without the distractions of external changes to enable a focus on policing's primary focus for preventing and detecting crime.

The leadership within the OPCC has remained stable throughout with continuity being provided by the Police and Crime Commissioner and her two statutory officers.

There is no doubt that public confidence in policing both locally and nationally remains a concern. High profile cases of police misconduct across all ranks locally and nationally continue to undermine public trust. Previous lack of stable and experienced leadership in Devon and Cornwall Police has restricted the scale of pace of overall improvements required.

The breadth of the work within the auspices of police and crime commissioners continues to grow and evolve. Partnerships and collaborations have become more complex and working across geographic boundaries is a vital component of influencing and improving systems. The OPCC remains at the forefront of innovation and being creative with the way it develops and influences partnership to reduce victims of crime and reduce reoffending.

There is a consequential impact from changes elsewhere in the public sector to policing and the OPCC. The changes to NHS England, integrated health boards, local government reorganisation and devolution, to name but a few, are challenging the partnership landscape and making short, and medium-term, funding decisions difficult.

In 2025/26 the costs of additional responsibilities for police and crime commissioners absorbing oversight of the provision of specialist advisors to police misconduct panels was challenging. Ongoing internal changes have been required in-year to realign these pressures. The government's £1million investment into 'Hotspot Policing' was a welcome intervention, which enabled the Commissioner to invest in street marshals and match funding to increase the impact of this approach. The Commissioner has also rolled out her Street Focus approach which started in Torquay and is being extended to Camborne. This, along with efforts to make it easier for businesses to report crime with the development of a partnership with UKPAC (UK Partners Against Crime and PARC (Plymouth Against Retail Crime), is driving down retail crime and anti-social behaviour.

In July 2025 the Commissioner also launched her "Disruptive approach to Violence Against Women and Girls". This along with a call for ideas from the community is shaping the approach that is now being taken by the OPCC in its delivery of this agenda.

Scrutiny remains a core area of focus. Although this remains part of business as usual, the OPCC also undertakes formal scrutiny of key areas of concern. In 2025/26 this resulted in scrutiny activity including: Out of Court Disposals, Victims Codes of Practice, welfare and legal services in custody; and file quality.

The Commissioner also undertakes reviews of police complaints and antisocial behaviour case reviews.

2025/26 Operating Environment

The Commissioner's Annual Report on the work of the OPCC and the delivery of the Police and Crime Plan was agreed by the Police and Crime Panel in July 2025.

One of the biggest areas of spend within the OPCC is on the commissioning of services (approximately £9.2Million for 2025/26). The way in which the money is allocated is published annually, in advance, through a Commissioning Intentions Plan which outlines the areas which the Commissioner intends to prioritise. The funding available is a combination of grant money received by the Commissioner from the Ministry of Justice for victims' services and from the Commissioner's own budget. During 2025/26 this approach was reviewed and replaced with a Strategic Investment Plan for 2026/27 to better reflect the totality of the income and expenditure of the Office of the Police and Crime Commissioner.

The Commissioner has a wide variety of convening powers to bring partners together to bring further reductions in crime, improving services for victims or to improve the criminal justice system.

Formal partnerships in this area include:

- Vision Zero South West – road safety partnership
- Serious Violence Partnership
- Local Criminal Justice Board
- South West Reducing Reoffending Partnership
- Prisoners Building Homes

The Commissioner also enters into a wide variety of collaboration agreements locally, regionally and nationally through s22a collaboration agreements. The regional infrastructure of policing collaborations is overseen by a Policing Collaboration Board comprising all the South West police and crime commissioners, chief constables and OPCC chief executives. This collaboration is the senior governance board for the delivery of £86Million of policing services through four force and five force collaborations.

Some of the successes of the OPCC in 2025/26 were recognised with awards including the OPCC Chief Executive winning the Westcountry Women's Award: Director of the Year and our Prisoners Building Homes Scheme winning the Civil Service Programme of the Year.

The governance of partner organisations is also having direct impact on our operating environment with devolution and local government reorganisation impacting on our local authorities; changes to boundaries for integrated care boards; and significant changes in NHS England to name but a few. In light of this changing landscape the Police and Crime Commissioner announced her intention to serve the remainder of her term of office without any political affiliations in January 2026 so that she could better represent the communities she serves.

Corporate Governance

What is Corporate Governance?

Corporate governance refers to the process by which organisations are directed, controlled, led, and held to account. In other words, corporate governance is how we make sure we do things properly.

Governance is about how policing ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures, and values by which the relevant policing bodies are directed and controlled.

The Office of the Police and Crime Commissioner has a responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes the Office of the Police and Crime Commissioner will strive to ensure that strategies, policies, and operational matters are transparent and understood by residents and visitors to Devon, Cornwall, and the Isles of Scilly.

The Corporate Governance Framework sets out the systems and processes, culture and values by which the Chief Constable and the Police & Crime Commissioner (Commissioner) manage their respective roles and responsibilities.

Each year the Office of the Police and Crime Commissioner is required to produce an Annual Governance Statement (AGS). The AGS is the formal mechanism we use to report on the effectiveness of our internal controls and decision-making systems.

Our AGS complies with the reporting requirements contained in the CIPFA– Code of Practice on Local Authority Accounting and accompanies our accounts for the financial year. This is a document that describes how well our governance system has functioned during the year ended 31 March 2026 and sets out areas for development for the year ahead.

Good corporate governance helps to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.

Corporate Governance

The principles and guidance have again informed the review of governance arrangements for 2025/26. More specifically, the structure of this AGS has been prepared with reference to themes from key elements of the structures and processes referred to in the CIPFA AGS guidance.

In addition, the CIPFA Financial Management Code (FM Code) provides the public sector with guidance for good and sustainable financial management. Devon and Cornwall complied with the principles and standards within the FM Code that provided assurance on financial sustainability.

Risk Management

Risk management is a key facet of Devon and Cornwall OPCC's governance framework. The framework comprises the systems, processes and values through which activities are monitored and managed. It is essential that the threats to achieving objectives are consistently identified and assessed. This is achieved through the adoption and implementation of an effective risk management process that supports the delivery of the Police and Crime Plan.

In the CIPFA publication "Delivering Good Governance in Local Government: Framework" which was followed by specific guidance notes for Policing Bodies. The Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA) ('the International Framework') and interprets them for local government.

The seven principles are:

- A** – behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B** – ensuring openness and comprehensive stakeholder engagement.
- C** – defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D** – determining the interventions necessary to optimise the achievement of the intended outcomes.
- E** – developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F** – managing risks and performance through robust internal control and strong public financial management.
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

Codes of conduct and standards of professional behaviour

Ethics and standards are core to the corporate governance arrangements

The Office of the Police and Crime Commissioner aspires to the highest ethical standards in all its activities. The OPCC has its own Staff Code of Conduct, and the PCC swears an Oath on election.

The 'Nolan Principles' (the Seven Principles of Public Life) apply to all holders of public office – and in this case specifically apply to the Police and Crime Commissioner and her staff. These standards are:

- ***Selflessness***
- ***Integrity***
- ***Objectivity***
- ***Accountability***
- ***Openness***
- ***Honesty***
- ***Leadership***

Further information -

[Commissioners Oath of Office](#)

[OPCC Staff Code of Conduct 2026](#)

[Ethical Policing Principles \(2024\)](#)

Complaints and Recognition

All complaints about the Police and Crime Commissioner are reported to the Police and Crime Panel. Complaints about OPCC staff are handled by the OPCC Chief Executive.

The Commissioner is also responsible for complaints about the Chief Constable. Most complaints against the police are, by law, handled by police professional standards departments, however the Police and Crime Commissioner (PCC) has the responsibility for undertaking the majority of appeals, or reviews, for police complaints

The Commissioner holds the Chief Constable to account for the provision of an efficient and effective police complaints service.



Ensuring Compliance

Code of Corporate Governance

The Code of Corporate Governance is a key governance instrument which acts as a reference point for the expectations and rules about, for example, who in the Office of the Police and Crime Commissioner can make decisions and on what issues. It details the roles and responsibilities of the Police and Crime Commissioner and her two statutory officers, namely the OPCC Chief Executive and the OPCC Treasurer.

Finance Regulations

Aligned to the Code of Corporate Governance are the Finance Regulations. These translate into practical guidelines and is the framework for decision making on financial matters.

Sources of Assurance

Various sources of assurance, both internal and external, are relied on to test and ensure compliance with laws and regulations and that governance arrangements and expenditure are in line with the Finance Regulations.

Internal Audit

Internal Audit Services were provided by the South-West Audit Partnership (SWAP). The internal audit plan for the year and regular progress reports detailing the outcome of the assignments in the plan were prepared and reported to the Independent Audit Committee.

The plan is risk based and targeted at areas where Internal Audit is the appropriate assurance provider. It is designed with a large degree of flexibility so that changes can be made to test emerging areas of concern.

Based on the internal audit assignments completed throughout the year an audit opinion is formed by SWAP for both the Commissioner and Chief Constable. Both the Commissioner and Chief Constable received positive opinions in the Annual Report for the reporting period.

The positive opinion of the internal auditors for the year ended March 2025 was used to inform the judgement on the level of assurance provided by the governance arrangements.

Head of Internal Audit (SWAP) opinion in support of the Annual Governance Statement (December 2025)

“On the balance of our 2024/25 audit work for Devon and Cornwall Police and OPCC, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.”

Further information

[The Code of Corporate Governance and Financial Regulations](#)

[Annual Internal Audit Report](#)

Ensuring Compliance

External Audit

External Auditors work independently of the Office of the Police and Crime Commissioner. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Grant Thornton. The appointment is made independently by Public Sector Audit Appointments (PSAA) who manage the arrangements for appointing auditors as set out in the Local Audit and Accountability Act 2014. In 2025/26 our external auditors assessed us as having a “green status” for value for money.

To support their roles, all committee members regularly reviewed and considered their training requirements. All the IAC sessions in the reporting period were quorate and there was active engagement from members and officers.

Further information

[Independent Audit Committee](#)

[External Auditors Report 2024/25](#)

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, and accountable manner.

The Commissioner has in place structures, systems, and internal controls by which the police service is directed and controlled.

There are also processes and procedures in place that enable the Commissioner to hold the Chief Constable to account for policing. The Commissioner engages with the local people and communities to ensure robust public accountability and transparency.

Grant Thornton the external auditor delivers an audit opinion based on their verification of the financial accounts.

Opinion on Financial Statements

During the year External Audit gave an “qualified” opinion on the Group, Police and Crime Commissioner and Chief Constable’s financial statements 2024/25

Summary of Value for Money assessment 2024/25

Auditors are required to report their commentary on the PCC’s and CC’s arrangements under specified criteria. The auditors did not identify any risks or significant weakness in the arrangements for financial sustainability or governance. An improvement recommendation was raised that the CC maintains focus on fully addressing the remaining causes of concern and other areas for improvement identified by HMICFRS as well as maintaining grip on delivery of wider sustained performance improvement.

Independent Audit Committee

The Commissioner and Chief Constable operate an Independent Audit Committee (IAC) which is a joint arrangement with Dorset under the working together arrangements of the Policing Alliance.

During 2024/25 the Committee Chair reviewed issues through regular meetings with the Executive and Chief Officers. Committee members worked together, to develop and use their knowledge and expertise, and that of others to the best effect. They have a non-political, evidence-based approach that has been proven to achieve good results.

Ensuring Compliance

The Police Reform and Social Responsibility Act 2011 requires each police area in England, other than the metropolitan police district, to establish a Police and Crime Panel. The Panel scrutinizes their Police and Crime Commissioner who themselves will hold the Chief Constable of their force to account for the full range of their responsibilities.

The Police and Crime Panel has its own 'Panel Arrangements and Rules of Procedure' which are available via the host authority website, currently Plymouth City Council. The Panel comprises 20 members, 18 of which are drawn from local authorities across Devon, Cornwall and the Isles of Scilly, plus two members independent from the local authorities. In terms of political proportionality, the allocation of seats on the Panel is based on the political makeup of each authority.

Either the Chair or the Vice Chair of the Panel will be a Member from Cornwall (and the Isles of Scilly) and the other position will be filled by a Member from Devon (including Plymouth and Torbay).

Sustainability

The OPCC and the Force have a shared Sustainability Strategy. The OPCC also manages the Estates function directly and a separate Estates Strategy provides the framework for how this service develops and takes account of sustainability. Priority areas for estates investment are agreed at the Resources Board.

Transparency and Engagement

The Commissioner is the voice of the public in policing. The view of the Commissioner is that transparency is one of the pillars of good corporate governance. The stated aspirations are that statutory requirements are not only complied with but exceeded.

Active engagement with the communities that we serve helps to create a positive working relationship with them and a more detailed understanding of their needs and issues which helps shape service delivery.

A range of tools are used to help us listen to and understand the experiences of our communities.

The communities of Devon & Cornwall were regularly invited to have their say during 2024/25 in a wide variety of formats. Details of the range of activities and engagements are provided in the [Commissioner's Annual Report 2024/25](#).

The Commissioner actively encourages public engagement and aims to bring people and communities together to address issues of common importance, to solve shared problems and to bring about positive social change. This includes a range of partnerships to help improve public confidence and overall community safety.



How the Office of the Police and Crime Commissioner was managed in 2025/26

The way in which a Police and Crime Commissioner operates, is set out in law. The APCC also produces [a helpful publication](#) on the function a PCC must carry out. These functions have elements of discretion as to how they are applied locally within an overall operating framework.

Code of Corporate Governance

The Code of Corporate Governance contains the scheme of delegation and consent which sets out the parameters for who can make decisions across the business.

Police and Crime Plan

The plan sets out the vision and priorities of the Police and Crime Commissioner for their term of office for policing and community safety, as well as the objectives and ambitions that the Chief Constable is held to account against. Community engagement informs a refresh of the Police and Crime Plan priorities annually.

Financial Management and the Resources Board

The forum for oversight of corporate health during 2025/26 was the Resources Board which is alternately Chaired by the OPCC Chief Executive and the Chief Constable alternately. During the year the Board operated monthly to monitor the management of resources including land, property, finance, projects, and people. The Board received regular reports on workforce supply, litigation, estates, capital health checks and group financials.

The Resources Board has supported the achievement of the strategic objectives as recorded in the Annual Report.

Commissioner's Accountability Board

In 2025/26 the OPCC replaced one of its formal meetings with the Force with a new Commissioner's Accountability Board. This Board, chaired monthly by the Police and Crime Commissioner holds both the Chief Constable and the OPCC Chief Executive to account. Its consistent members are members of the OPCC Executive Team and the Executive Team from Devon and Cornwall Police.

At this Board the Commissioner selects a number of areas of policing activity and related performance and scrutinises them in detail, requiring the Chief Constable and his team to explain both current performance, and any plans they have in place to make improvements where required.

Following this, the Commissioner then makes and publishes a judgment on assurance, both in terms of current police performance and the quality of any improvement plans. A statement is then published describing the levels of assurance for the public to see, along with the agenda and attendance at each Board, to ensure as wide a visibility as is possible.

OPCC Executive Leadership Board

The OPCC Executive Leadership Board is the primary governance board for the OPCC and its core membership is made up of the OPCC Chief Executive, OPCC Treasurer, and OPCC Executive Team. The OPCC Leadership Board meets the following functions:

- It is the primary decision-making board within the OPCC
- It is the central point for oversight of delivery of the Police & Crime Plan
- It has oversight and signoff of OPCC budget expenditure (commissioning budget, plan delivery budget, offender management budget and office budget)
- It has oversight and sign-off for OPCC policies
- It maintains oversight of the OPCC Risk Register

How the Office of the Police and Crime Commissioner was managed in 2025/26

Structure of the OPCC

The Police and Crime Commissioner is elected by the people of Devon, Cornwall and the Isle of Scilly.

Details of all officers and senior staff salaries within the OPCC are published on the OPCC website. The OPCC has been proactively reducing its headcount and commissioning arrangements during 2025/26 to manage additional financial pressures.

The internal board and governance structure is set out in the Code of Corporate Governance.

OPCC Senior Management Team

The OPCC Executive Leadership Board (ELB) meets regularly, membership includes the Chief Executive, Treasurer and OPCC Executive Team.

The OPCC Executive Leadership Board is the primary governance board for the OPCC where members consider items submitted by the OPCC team for information and decision.

Regular updates are also provided to the wider OPCC team via monthly all-staff meetings, fortnightly newsletters, dedicated Teams channels and weekly senior managers meetings.

OPCC Chief Executive (Monitoring Officer and Head of Paid Service)

Every Police and Crime Commissioner must have a Chief Executive Officer (CEO) who supports and advises the Commissioner and assists in the discharge of all statutory duties.

The Chief Executive is a statutory appointment and is also the Head of Paid Staff and Monitoring Officer with responsibility for delivery, the appointment and management of OPCC staff, compliance and the provision of specialist advice.

The CEO's main role is to directly support the Commissioner to discharge the primary responsibility of securing the maintenance of an efficient and effective policing service for the area. This includes the development and delivery of the Police and Crime Plan.

The Chief Executive leads on:

- Strategy and resource planning governance arrangements.
- Partnership working, commissioning and some direct service delivery engagement, communications and information management (including obtaining the views of the public, media relations, research, strategic needs assessments).
- Assurance arrangements – evaluation, scrutiny and performance management of complaints reviews
- Specialist teams within the OPCC including accountability and standards; partnerships and commissioning; communications and customer contact; Local Criminal Justice Board business manager; Serious Violence Prevention Programme as well as the hosting of a number of regional assets for the five Police and Crime Commissioners across the Southwest.

As Monitoring Officer, within the governance framework of policing the role is to ensure that the Commissioner, or anyone acting on the Commissioner's behalf, acts lawfully and in such a way as not to constitute maladministration.

OPCC Chief Finance Officer (Treasurer)

The OPCC Treasurer fulfills the role of Chief Finance Officer for the Commissioner's office and is responsible for the totality of the budget and specifically the capital budget, investment strategy and reserves for policing.

The OPCC Chief Finance Officer (CFO) recognises our commitment to the Home Office Financial Management Code of Practice for the Police Service in England and Wales.

The CFO arrangements have also considered the CIPFA Code of Practice recommendation that the CFO reports directly to the Commissioner. If different arrangements are adopted the reasons should be publicly reported in the AGS.

During the reporting period the Commissioner's CFO reported via the Chief Executive Officer to the Commissioner.

This provides an effective solution to engage on all material matters via a dedicated line manager. The Commissioner's CFO has direct access to the Commissioner as well as to the Chair of the Independent Audit Committee.

Every Police and Crime Commissioner must appoint a Chief Finance Officer or Treasurer. This is a statutory appointment.

The Chief Finance Officer is responsible for ensuring that proper financial controls are in place for the Police and Crime Commissioner, including arrangements for budget-setting and monitoring, and achieving value for money. The Treasurer also leads the estates' function.

This role has a statutory responsibility to ensure the Commissioners financial affairs are exercised in accordance with relevant legislation and codes of practice. She is responsible for financial probity and value for money in the use of public funds.

The Treasurer leads on:

- Providing financial advice to the Police and Crime Commissioner on activity including the strategic planning and policy making process
- Advise on budgetary matters including any consequential long-term implications.
- Advise on the robustness of the budget and the adequacy of financial reserves. Ensuring that strategies are produced for treasury management, reserves and capital before the start of each financial year.
- Audit and risk management of the Police and Crime Commissioner.

The Treasurer also has a responsibility to report to the Commissioner and Police and Crime Panel any expenditure, or decision that will lead to expenditure, that she feels is unlawful.

Further information

[Force Executive Team](#)

[OPCC Executive Team](#)

Scrutiny Arrangements

Holding the Chief Constable to Account

Holding the Chief Constable to account is the statutory role of a Police and Crime Commissioner and can be done in several ways. Locally the Commissioner uses a mix of public meetings, reports, and research; organisations such as HMICFRS; and formal complaints to assess the Chief Constable against expectations. The Commissioner and the Chief Constable meet regularly to discuss the totality of policing.

In Devon and Cornwall, the Commissioners Police and Crime plan (2024-2029) focuses on the following four priorities for towns and cities, the countryside and coastal areas, on the roads and in homes and neighbourhoods:

- *Anti-social behaviour*
- *Drugs and alcohol*
- *Serious violence*
- *Theft*

The Commissioner actively seeks the input of the public to effectively carry out her holding to account scrutiny function. Whether formal or informal, scrutiny is informed by public views, needs and feedback, and the Commissioner is the voice of the public in policing. There is a rolling programme of engagement events across Devon, Cornwall and the Isles of Scilly for the Commissioner and her team.

The Commissioner annually engages the public on their priorities through her “Your Safety, Your Say” survey which runs throughout the year. The outcome of this survey is reported to the Police and Crime Panel every February as part of the overall budget papers.

Scrutiny Arrangements

To ensure that scrutiny activity is consistent and fair, the Commissioner for Devon, Cornwall and the Isles of Scilly aims to uphold several principles when conducting scrutiny.

The Commissioner conducts scrutiny in many ways. Some of this is carried out directly, whilst some is delegated to the Chief Executive, office staff, volunteers, or specially convened panels: -

- Informal Scrutiny and Oversight (through regular meetings with the Chief Constable and force leadership)
- Quality Assurance Scrutiny (checking that police processes and procedures are being carried out properly and appropriately)
- Thematic Scrutiny Enquiries (which may be delivered through a Scrutiny Panels)
- Shared governance arrangements including Commissioner’s Accountability Board, Resources Board, Working Together Board, Independent Audit Committee.
- The Commissioner’s Independent Custody Visiting Scheme
- Oversight of the Police Misconduct Processes including assessing whether proven police misconduct matters reach the threshold for police pension forfeiture.
- Ensuring HMICFRS thematic recommendations are delivered locally.

Scrutiny Arrangements

Police and Crime Panel

The Panel has the statutory responsibility for scrutinising the performance of the Commissioner and is a joint committee of the twelve local authorities and two independent panel members in the area. The Panel undertakes its scrutiny function through a range of mechanisms and considers such matters as:

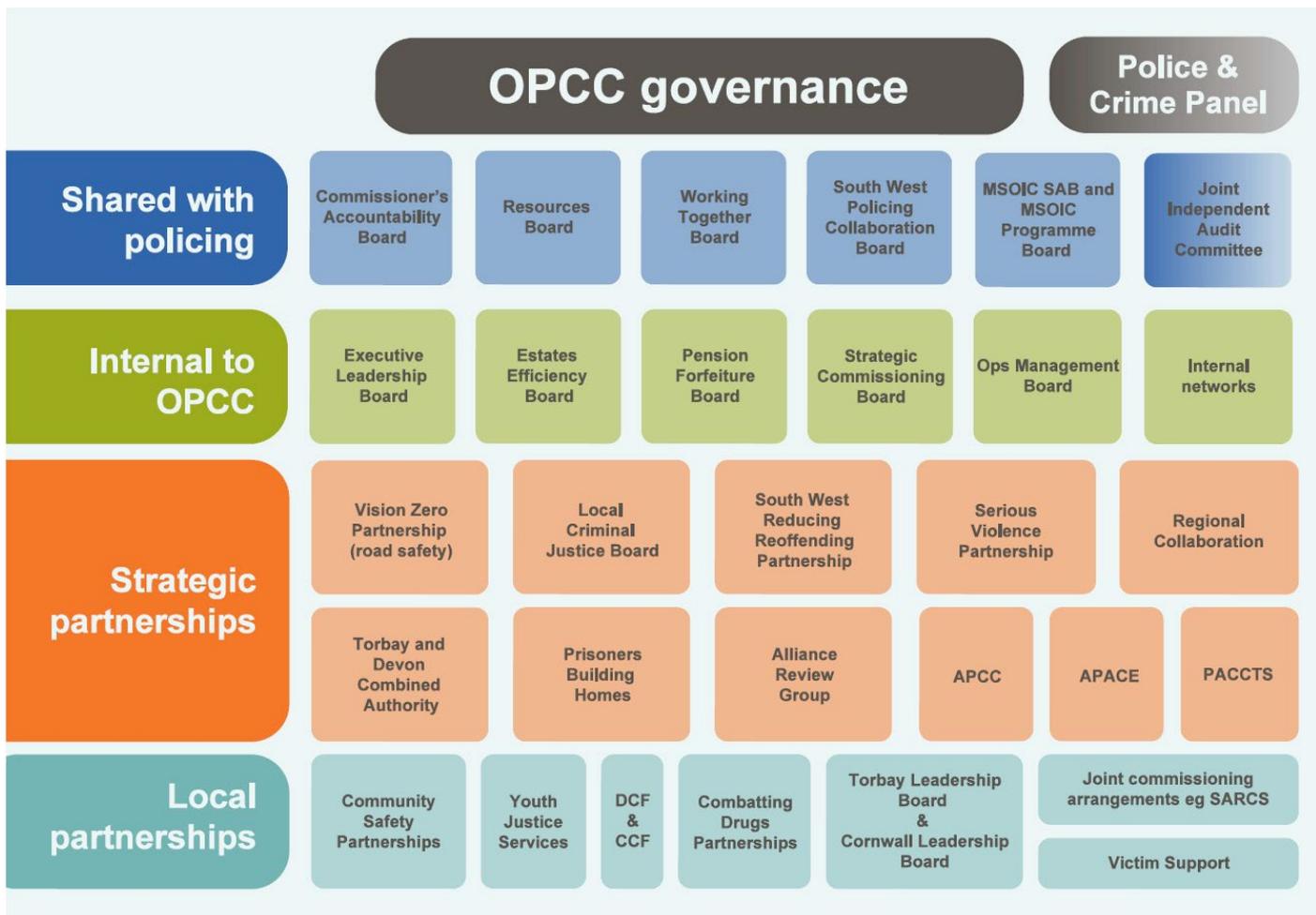
- *Reviewing the Commissioner's proposals for council tax precept. It has the power to veto these proposals if it considers the amount is inappropriate.*
- *Considering the Commissioner's proposals for the appointment of new Chief Constables and OPCC Statutory Officers*
- *Commissioners Annual Report.*
- *Reviewing the Police and Crime Plan.*
- *Investigating non-criminal complaints about the Police and Crime Commissioner*
- *The Police and Crime Panel met on four occasions during 2025/26 and one informal briefing was provided to panel members on the annual funding settlement for policing.*

Further information

[Police and Crime Panel](#)

[Police & Crime Plan 2025-29](#)

Higher Level Governance



Working with others

OPCC Key Partnerships

The Office of the Police and Crime Commissioner work with partners to help create safe, resilient and connected communities.

The Commissioner holds a key political role with a democratic mandate across Devon and Cornwall and the Isles of Scilly; she is the elected representative of the public and holds the democratic mandate and the legal duty to hold the Chief Constable to account with regards to the delivery of policing services across the two counties and the Isles of Scilly. The PCC works in conjunction with the Chief Constable to set the force's strategic direction which is drafted into a published Police & Crime plan.

The Commissioner invests in a wide variety of partnerships to deliver improvements to policing and overall community safety. These include:

- Local Criminal Justice Board
- South West Reducing Reoffending Partnership
- Vision Zero South West
- Serious Violence Prevention Partnership
- Community Safety Partnerships (x10)
- Combatting Drugs Partnerships (x4)
- Prisoners Building Homes
- Youth Offending Teams (x4)
- South West Policing Collaboration Board

Local Criminal Justice Board

Local Criminal Justice Boards (LCJBs) are the forum in which the local criminal justice organisations at police force area (PFA) level come together to work in the common interest to improve the criminal justice system (CJS). Working in partnership with strategic leaders representing the Police, Crown Prosecution Service (CPS), Courts (HMCTS), Prisons and Probation Service (HMPPS), Youth Justice Service (YJS), and support services, Devon and Cornwall LCJB aims to address cross cutting issues, improve the experiences of victims and witnesses, reduce reoffending, agree, and deliver strategic priorities to improve efficiency and effectiveness of the local CJS. As yet LCJBs are not statutory.

South-West Reducing Reoffending Partnership

The PCC works in partnership with CJS organisations across the peninsula and now chairs the Reducing Offending Board for the South-West region (Avon & Somerset, Devon & Cornwall, Dorset, Gloucestershire and Wiltshire). The South-West Reducing Reoffending Partnership was established in March 2019 and brings together partners from across the south-west to support multi-agency work to tackle some of the main causes of reoffending, such as lack of accommodation, access to health services and employment opportunities.

Working with others

Modern Slavery and Organised Immigration Crime Strategic Advisory Board

The Commissioner continues to act as the accountable body for all funding nationally for the modern slavery and organised immigration crime programme which is hosted within Devon and Cornwall Police for national benefit. The government announced the cessation of the modern slavery funding at the end of March 2026 following many years of recurrent funding. Organised immigration crime will remain within the Force under separate funding arrangements.

Vision Zero South West

The Vision Zero South-West Road Safety Partnership is chaired by the Commissioner and is a collaboration of all the organisations in Devon and Cornwall who deal with road safety. Vision Zero South-West has set itself the ambitious target of halving all fatal and serious collisions by 2030 and eventually eradicating them completely. This partnership is responsible for part of the income generated by road safety fines and oversees its reinvestment into road safety improvements across the Devon and Cornwall policing area.

Serious Violence Prevention Partnership

The OPCC convenes a Strategic Violence Summit which brings together a wide range of public sector partners to assist those specified authorities in the exercise of the functions and fulfillment of their statutory duties to prevent serious violence.

Prisoners Building Homes

The Prisoners Building Homes (PBH) Programme is led by the five South-West Police and Crime Commissioners under the auspices of the South-West Reducing Reoffending Partnership (with representatives from HM Prison and Probation Service, Ministry of Justice, the Police, NHS England, Office for Health Improvement and Disparities, Youth Justice Board, Department of Work & Pensions, South West Councils, and the Voluntary Sector).

It was set up to enable prisoners to be employed and trained by modular housing providers to build low carbon, modular homes for local communities and vulnerable people. It provides an opportunity to reduce reoffending by ensuring prisoners have the skills they need to help secure employment upon their release.



Working with others

Community Safety Partnerships

Community Safety Partnerships (CSPs) have a statutory responsibility to work together to protect their local communities from crime, and to help people feel safe.

They are tasked with tackling local issues including anti-social behaviour, drug or alcohol misuse, preventing serious violence and reducing re-offending.

The partnerships include the police, fire and rescue services, local authority community safety teams, local authority councillors, public health and probation services.

There are CSPs for Cornwall, Devon, Plymouth, Torbay, the Isles of Scilly, Exeter, East & Mid Devon, North Devon & Torridge and South Devon & Dartmoor.

The Commissioner works with and supports the local CSPs to address their priorities, local issues and concerns. The Commissioner has successfully worked with CSPs to secure external funding opportunities which help tackle issues in local areas.

Combatting Drugs Partnerships

Combatting drugs partnerships exist in all four of the upper tier local authority areas within Devon and Cornwall. They are chaired by Directors of Public Health and were set up in response to the government's drugs strategy "From Harm to Hope". There is limited connectivity between these groups across Devon and Cornwall and the Commissioner, driven by the concerns of those groups. However, the Commissioner does fund criminal justice support through an annual grant.

Youth Offending Teams

Youth Justice Teams (formerly Youth Offending Teams) are hosted within Children Services in our four upper tier local authority areas. These multidisciplinary partnership teams get involved with young people who get into trouble with the law or are arrested; are charged with a crime and have to go to court, are convicted of a crime and given a sentence. The Commissioner part funds the YOTs through a pooled budget arrangement with other partners.

South West Police Collaboration Board

The South West Police Collaboration Board is the governance mechanism by which the five Police and Crime Commissioners and five Chief Constables in the South West come together to deliver a range of shared policing services. There are a variety of four force and five force collaborations including forensics services, Procurement and Regional Organised Crime Unit (ROCU).

The Review of Governance Arrangements in Place During 2025/26

Police Reforms

Plans to create the biggest and most significant changes in policing this country has seen in years have begun and it cannot be underestimated how significant they will be for Devon, Cornwall and the Isles of Scilly.

The Home Secretary has announced the government's White Paper for reforming what they called the "broken" policing model in England and Wales. There are plans to create a new national police force and for new regional police forces to be created by merging existing forces. Much of the detail around how these proposals will be brought into effect has yet to be released.

The government also referred to Police and Crime Commissioners as a "failed experiment". This is not an expression which the Commissioner and OPCC Leadership in Devon, Cornwall and the Isles of Scilly recognise, and we can clearly evidence our effectiveness over many years. This information was not sought by the government before they reached a decision.

The work of the Office of the Police and Crime Commissioner (OPCC) remains business as usual, and Devon & Cornwall Police will continue to listen to and act in the public's best interests and deliver on priorities of tackling violence, antisocial behaviour, drugs and alcohol and theft. As well as delivering a full range of statutory duties and commissioning of essential services.

During 2025/26 more rigor was introduced into day to day business through a range of collaborative Boards with Devon and Cornwall Police. These include the Estates Efficiency Board and the Police Misconduct and Pension Forfeiture Board

Through the powers and scrutiny functions of the OPCC we will continue to hold the police to account, and along with the great leadership of Chief Constable James Vaughan, our force continues to improve its performance.

Police Reform White Paper

The Police Reform White Paper has set out the following areas for change:

- Introduce a new National Police Service (NPS)
- Perform an independent review of the number of police forces
- Develop a workforce strategy
- Deliver a set of nationally mandated wellbeing standards
- Changes to police funding arrangements
- Creating a single set of policing priorities and a new police performance system
- Develop new guarantees for police response
- Create a centre for police AI (artificial intelligence)
- Refocus on prevention
- Review the police funding formula to reflect new police structures
- Reform the police vetting and misconduct system
- Overhaul police governance

Governance arrangements surrounding police reform will undoubtedly need to change significantly. However currently the information has not yet been published on how this will be taken forward.

Governance Arrangements

The review of effectiveness of the joint governance arrangements in place during 2025/26 indicated that the framework provided a high level of assurance. Based on reflection of the key structures and processes which comprise those arrangements it can be judged that appropriate mechanisms existed to:

- promote and monitor codes of conduct and professional behaviour.
- ensure compliance with internal and external requirements.
- promote transparency and acting in the public interest.
- develop channels of communication with all sections of the community
- manage the business to deliver the organisational vision of being synonymous with exemplary service.
- apply good governance arrangements to collaboration activity and partnerships.
- appropriately scrutinise performance.

The areas for development detailed overleaf have been identified from the review process. The implementation of these will be monitored and reported in our AGS for 2026/27.

Areas Identified for Development for 2025/26

The key areas as reported in the previous statement for development during 2025/26 are updated below.

Area for Development	Owner	Target date
Hold the Chief Constable to account for the removal of the Force from the HMICFRS PEEL inspections Engage programme.	Commissioner	Complete: May 2025
Hold the Chief Constable to account for the governance arrangements for the reporting of national, regional, and local multi-agency operational partnerships.	Commissioner	Audit rescheduled: 2026

New Areas Identified for Development for 2026/27

The key areas for development during 2026/27 are summarised below.

Area for Development	Owner	Target date
Understand and develop any transition plans for new governance arrangements following the Police Reform White Paper 2026, including the abolishment of the OPCC and the potential merger of Forces.	Commissioner, OPCC & Chief Constable	May 2028
Hold the Chief Constable to account for the implementation of the improvements required by the HMICFRS in the Integrity & Standards Report October 2025 and PEEL inspection 2026	Commissioner	December 2027
Hold the Chief Constable to account for the delivery of the agreed Priority Based Budgeting plans to meet the requirements of the MTFS	Commissioner & OPCC	April 2027
Hold the Chief Constable to account for the maintenance of the police officer and PCSO establishment figures in the MTFS	Commissioner & OPCC	April 2027

Summary

This statement is intended to provide assurance on governance arrangements. It is stressed that no system of control can provide absolute assurance against material misstatement or loss.

No significant governance issues have been identified during this year's review. For completeness, the minor issues identified are recorded and will be addressed to ensure continuous improvement.

We hope that this document provides you with some helpful insight into how we decided to lead the Office of the Police and Crime Commissioner for Devon & Cornwall, the systems we have put in place to ensure our decisions are open and accountable, and that your money is safeguarded.

Signatures

Alison Hernandez

Police and Crime Commissioner
for Devon & Cornwall

Frances Hughes

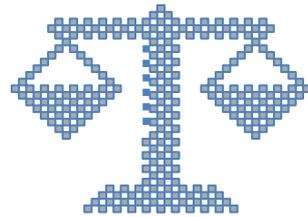
Chief Executive
and Monitoring Officer

Nicola Allen

Chief Finance Officer



Devon & Cornwall
POLICE



**Annual Governance
Statement
2025/26**

The Chief Constable of Devon &
Cornwall Police

March 2026

Introduction



James Vaughan
Chief Constable for
Devon & Cornwall Police

Welcome to the Annual Governance Statement (AGS) for 2025/26. The AGS outlines what the key governance structures and processes were during the financial year and captures the main findings arising from the annual review of those arrangements.

Welcome from the Chief Constable

Our people deliver high quality services to our communities. We rely on our governance arrangements as the framework to make sure that service delivery is done properly. We each have a responsibility for ensuring that our governance arrangements remain fit for purpose and undertake a review on an annual basis.

Where our review has identified positive practice or areas for improvement, we will capture those in the relevant section of this AGS.

Overall, the review undertaken to inform this AGS indicated that the key structures and processes that were in place during 2025/26, continued to provide a high level of confidence in the governance arrangements and that:

- Decisions are ethical, open, honest, and evidence based.
- Public money is safeguarded.
- Risk is effectively managed.
- Transparency comes as a matter of course.
- Processes are continually improved.

Corporate Governance

What is Corporate Governance?

Corporate governance refers to the process by which organisations are directed, controlled, led, and held to account. In other words, corporate governance is how we make sure we do things properly.

Governance is about how policing ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures, and values by which the relevant policing bodies are directed and controlled. Devon and Cornwall Police has a responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes Devon and Cornwall Police will strive to ensure that strategies, policies, and operational matters are transparent and understood by residents and visitors to Devon, Cornwall, and the Isles of Scilly.

The Corporate Governance Framework sets out the systems and processes, culture and values by which the Chief Constable and the Police & Crime Commissioner (Commissioner) manage their respective roles and responsibilities.

Each year the Chief Constable is required to produce an AGS. The AGS is the formal mechanism we use to report on the effectiveness of our internal controls and decision-making systems. Our AGS complies with the reporting requirements contained in the CIPFA– Code of Practice on Local Authority Accounting and accompanies our accounts for the financial year. This is a document that describes how well our governance system has functioned during the year ended 31 March 2026 and sets out areas for development for the year ahead.

Good corporate governance helps to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.



Corporate Governance

Corporate governance principles and guidance have again informed the review of governance arrangements for 2025/26. More specifically, the structure of this AGS has been prepared with reference to themes from key elements of the structures and processes referred to in the CIPFA AGS guidance.

In addition, the CIPFA Financial Management Code (FM Code) provides the public sector with guidance for good and sustainable financial management. Devon and Cornwall comply with the principles and standards within the FM Code that provided assurance on financial sustainability.

Risk Management

Risk management is a key facet of Devon and Cornwall's governance framework. The framework comprises the systems, processes and values through which activities are monitored and managed. It is essential that the threats to achieving objectives are consistently identified and assessed. This is achieved through the adoption and implementation of an effective risk management process that supports the delivery of the Police and Crime Plan and Force Business Plans.

A consistent process for the management and reporting of risk has been adopted, with bespoke reporting arrangements for the Executive. The Independent Audit Committee monitors risk reports for assurance on the effectiveness of risk management arrangements on behalf of Devon and Cornwall Police.

In the CIPFA publication "Delivering Good Governance in Local Government: Framework" which was followed by specific guidance notes for Policing Bodies. The Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA) ('the International Framework') and interprets them for local government.

The seven principles are:

- A** – behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B** – ensuring openness and comprehensive stakeholder engagement.
- C** – defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D** – determining the interventions necessary to optimise the achievement of the intended outcomes.
- E** – developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F** – managing risks and performance through robust internal control and strong public financial management.
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

Codes of conduct and standards of professional behaviour

Ethics and standards are core to the corporate governance arrangements

Devon and Cornwall Police aspires to the highest ethical standards in all its activities. The policing Code of Ethics sets out the principles and standards of behaviour that promote, reinforce, and support the highest standards from everyone who works within the police service.

A new national police Code of Ethics (2024) has been published by the College of Policing outlining the professional behaviours that our communities rightly expect to see of us, whether we are a police officer, member of police staff or volunteer.

The Code outlines the expected behaviours from a police service that is fair, ethical, and professional, providing a framework to guide the actions taken and decisions every day, no matter what the role. The Code is hosted on the College of Policing website and has been developed by serving police officers, police staff, academics, and representatives from partner organisations. Based on evidence and first-hand experience, it has been developed to ensure everyone feels fully supported within their roles.

The Code of Ethics has been simplified into three principles. These are:

- Public service
- Courage
- Respect and empathy

The Devon and Cornwall Police Ethics Committee is well established and is a key component of the Ethics Structure.

Further information

[Police Misconduct Process](#)

Complaints and Recognition

Devon and Cornwall Police have a clearly defined complaints process. Once this process is complete, in specific circumstances the Police and Crime Commissioner can undertake a review of the way complaints are handled. Complaints and recognition about the police are handled by the Commissioner's independent team, to ensure fairness, for the public and the police.

The aims and key principles of the process are:

- To learn and develop by improving from mistakes, poor judgement and low-level misconduct via early and supportive intervention.
- To provide a fair, open, and proportionate process to deal with such matters.
- To focus upon self-reflection, learning from mistakes and development of actions to put issues right and prevent reoccurrence.
- To build an inclusive, reflective and participative process for the officer involved, and the identification of individual and organisational learning.
- To ensure that disciplinary proceedings are focused and applied only to serious breaches of the Standards of Professional Behaviour, where it is considered that a formal disciplinary sanction is justified.

Further information

[Code of Practice for Ethical Policing \(2023\)](#)

[Ethical Policing Principles \(2024\)](#)

Ensuring Compliance

Code of Corporate Governance

The Code of Corporate Governance is a key governance instrument which acts as a reference point for the expectations and rules about, for example, who in the Devon and Cornwall Police can make decisions and on what issues.

Finance Regulations

Aligned to the Code of Corporate Governance are the Finance Regulations. These translate into practical guidelines and is the framework for decision making on financial matters.

Sources of Assurance

Various sources of assurance, both internal and external are relied on to test and ensure compliance with laws and regulations, and that governance arrangements and expenditure is in line with the Finance Regulations.

Head of Internal Audit (SWAP) opinion in support of the Annual Governance Statement (December 2025)

“On the balance of our 2024/25 audit work for Devon and Cornwall Police and OPCC, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.”

Internal Audit

Internal Audit Services were provided by the South-West Audit Partnership (SWAP). The internal audit plan for the year and regular progress reports detailing the outcome of the assignments in the plan were prepared and reported to the Independent Audit Committee.

The plan is risk based and targeted at areas where Internal Audit is the appropriate assurance provider. It is designed with a large degree of flexibility so that changes can be made to test emerging areas of concern.

Based on the internal audit assignments completed throughout the year an audit opinion is formed by SWAP for both the Commissioner and Chief Constable. Both the Commissioner and Chief Constable received positive opinions in the Annual Report for the reporting period.

The positive opinion of the internal auditors for the year ended 31st March 2025 was used to inform the judgement on the level of assurance provided by the governance arrangements.

Further information

[The Code of Corporate Governance and Financial Regulations](#)

[Annual Internal Audit Report](#)

Ensuring Compliance

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, and accountable manner.

The Commissioner and the Chief Constable have in place structures, systems, and internal controls by which the police service is directed and controlled.

There are also processes and procedures in place that enable the Commissioner to hold the Chief Constable to account for policing. The Commissioner engages with the local people and communities to ensure robust public accountability and transparency.

Grant Thornton the external auditor delivers an audit opinion based on their verification of the financial accounts.

Opinion on Financial Statements

During the year External Audit gave an “qualified” opinion on the Group, Police and Crime Commissioner and Chief Constable’s financial statements 2024/25

Summary of Value for Money assessment 2024/25

Auditors are required to report their commentary on the PCC’s and CC’s arrangements under specified criteria. The auditors did not identify any risks or significant weakness in the arrangements for financial sustainability or governance. An improvement recommendation was raised that the CC maintains focus on fully addressing the remaining causes of concern and other areas for improvement identified by HMICFRS as well as maintaining grip on delivery of wider sustained performance improvement.

External Audit

External Auditors work independently of the organisation. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Grant Thornton. The appointment is made independently by Public Sector Audit Appointments (PSAA) who manage the arrangements for appointing auditors as set out in the Local Audit and Accountability Act 2014.

Independent Audit Committee

The Commissioner and Chief Constable operate an Independent Audit Committee (IAC).

During 2025/26 the Committee Chair reviewed issues through regular meetings with the Executive and Chief Officers. Committee members worked together, to develop and use their knowledge and expertise, and that of others to the best effect. They have a non-political, evidence-based approach that has been proven to achieve good results. To support their roles, all committee members regularly reviewed and considered their training requirements.

All the IAC sessions in the reporting period were quorate and there was active engagement from members and officers.

Further information

[Independent Audit Committee](#)

[External Auditors Report 2024/25](#)

Ensuring Compliance

HMICFRS

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses police forces and policing activity in the public interest, ranging from neighbourhood teams through to serious crime and the fight against terrorism.

In preparing their reports, they ask the questions which the public would ask and publish the answers in an accessible form.

HMICFRS provide the information to allow the public to compare the performance of forces against others and their evidence is used to drive improvements in the service to the public.

As an additional source of assurance HMICFRS outcomes were considered in the review of governance arrangements.

The inspectorate's 2023-25 Police Effectiveness Efficiency and Legitimacy (PEEL) report on the force was published in July 2024. It graded the force's performance across nine areas of policing. The report found the force was 'good' in one area, 'adequate' in three areas, 'requires improvement' in three areas and 'inadequate' in two areas.

HMICFRS are informed to a great extent by the latest Force Management Statement (FMS). This is a self-assessment that the Chief Constable must prepare and submit to HMICFRS each year.

HMICFRS use the FMS and information from their other inspection activity to inform their assessment.

Assessment of the outcomes of HMICFRS inspection activity is overseen and monitored by the force at the Strategic Legitimacy Board.

HMICFRS Integrity & Standards Report

In October 2025 the HMICFRS published its report into the effectiveness of integrity arrangements and professional standards in Devon and Cornwall Police stating that improvement was required in three areas – vetting police officers and staff, upholding standards of professional behaviour and tackling potential corruption.

The inspection took place in February 2025 and since then the Force has made considerable progress in all areas.

The Inspectorate noted that it did not identify any disproportionality in the Force's vetting decisions helped by an independent review process and has introduced independent scrutiny panels to identify organisational learning, as well as additional training on decision making and recording.

The Force has improved its timeliness in the handling of public complaints and significantly reduced the backlog.

In tackling corruption, the Force quickly and robustly assesses and analyses incidents internally and within our communities, for example, abuse of position for a sexual purpose and misconduct involving vulnerability.

Force Sustainability

Sustainability is a shortened term for sustainable development, which is development that meets the needs of today without compromising the ability of future generations to meet their needs. Sustainable development is achieved by balancing economic growth with social inclusion and environmental protection.

Devon and Cornwall Police recognises that we need to embed sustainability into everything that we do to ensure we future proof the force and our local communities.

Further information

[HMICFRS](#)

Ensuring Compliance

Transparency & Engagement

The view of the Chief Constable is that transparency is one of the pillars of good corporate governance. The stated aspirations is that statutory requirements are not only complied with but exceeded.

Active engagement with the communities that we serve helps to create a positive working relationship with them and a more detailed understanding of their needs and issues which helps shape service delivery.

A range of tools are used to help us listen to and understand the experiences of our communities.

The communities of Devon & Cornwall were regularly invited to have their say during 2025/26 in a wide variety of formats.

The Commissioner actively encourages public engagement and aims to bring people and communities together to address issues of common importance, to solve shared problems and to bring about positive social change.

Professional Standards & Behaviour

The principle of policing by consent relies on the trust and confidence that the public has in the police service. Professional Standards Department (PSD) plays a crucial role in maintaining that trust and confidence in policing, by ensuring that high standards are effectively managed.

Effective policing is built on public trust and confidence. This depends on a policing profession that is ethical and professional in the way that it respects, listens, responds, improves and serves the public.

Chief officers lead the force by supporting the positive reinforcement, and development of ethical and professional behaviour, to improve policing practice. Unprofessional behaviour is challenged, staff welfare is understood and managed, openness and candour are supported, professional development is encouraged, and misconduct is investigated.

PSD is primarily focused on four key areas of business:

- Vetting – ensuring that new joiners, re-joiners and current employed staff have the correct level of vetting for their role.
- Complaints – dealing with complaints in a timely and effective manner that enhances the reputation of Devon and Cornwall Police.
- Misconduct – investigating incidents where there is a possibility that standards of professional behaviour have been breached.
- Counter-Corruption – investigating officers and staff where there is a concern that corrupt practices and behaviours may be occurring.

How the business was managed in 2025/26

Police and Crime Plan

The plan sets out the vision and priorities for policing and community safety, as well as the objectives and ambitions that the Chief Constable is held to account against.

Community engagement informed a refresh of the Police and Crime Plan priorities.

Financial Management and the Resources Board

In December 2024 the Commissioner appointed James Vaughan QPM as Chief Constable for Devon & Cornwall Police. Mr Vaughan has taken up the post following a recruitment process involving His Majesty's Inspectorate of Police and Fire & Rescue Services (HMICFRS), the College of Policing and the Police and Crime Panel and has agreed to remain in post until January 2027. The substantive Chief Constable, Mr Will Kerr OBE KPM announced his retirement by mutual consent with the Commissioner in July 2025. Mr Kerr had been under investigation for several years by bodies in Northern Ireland but was not charged with any offence.

The forum for oversight of corporate health during 2024/25 was the Resources Board. During the year the Board operated monthly to monitor the management of resources including land, property, finance, projects, and people. The Board received regular reports on workforce supply, litigation, estates, capital health checks and group financials.

The Resources Board has supported the achievement of the strategic objectives as recorded in the Annual Report.

Code of Corporate Governance

Crucially this contains the scheme of delegation and consent which sets out the parameters for who can make decisions across the business.

Commissioner's Accountability Board

The purpose of the Commissioner's Accountability Board (CAB) is to act as a formal governance meeting to consult on significant strategic issues that jointly affect the shape of policing and crime within the Force area and to discuss issues which determine the strategic direction of the Force and OPCC.

CAB will guide the OPCC and the Force in the formulation of its corporate strategies, corporate plans, objectives, and priorities considering the social, environmental and economic needs of our communities, partners and the individual corporation's sole.

How the business was managed in 2025/26

Force Chief Finance Officer

Every Chief Constable must appoint a chief finance officer (CFO) under paragraph 6(1)(b) of Schedule 1 to the Police Reform and Social Responsibility Act 2011. They manage the Force's financial affairs in accordance with Sections 112 and 114 of the Local Government Finance Act 1988 and are responsible for the proper administration of the Chief Constable's financial affairs.

The Director of Finance and Resources for Devon and Cornwall Police is the Chief Financial Officer (CFO) for the Chief Constable, giving advice, overseeing spending plans, and sitting as a member of the Chief Officer Executive team. This role is the person responsible in law for the proper administration of the force's financial affairs. The CFO is a qualified accountant and has responsibility for the delivery of ICT, Transport, Administration and Financial Services within Devon and Cornwall. These departments are all delivered in partnership with Dorset Police, and are joint teams working across, and providing services to, all three counties.

In September 2024 David Wilkin was appointed as the Director of Finance and Resources for Devon and Cornwall Police.

The CFO is a member of the five Force Regional Finance Directors group and represents all five Directors at the Regional Strategic Chiefs and Commissioners meeting. They are also the lead officer for the Southwest Police Procurement Department, which provides its services to Devon & Cornwall, Dorset, Gloucestershire, and Wiltshire.

The Chief Finance Officer leads on:

- Ensuring that the financial affairs of the Force are properly administered and that the Financial Regulations are observed and kept up to date.
- Advising the Chief Constable on value for money in respect of all aspects of the relevant Force's expenditure.
- Advising the Chief Constable on the soundness of the budget in relation to the Force.
- Liaising with the external auditor.
- Ensuring that adequate insurance cover is arranged in liaison with the Treasurer.
- Producing statements of accounts for the Chief Constable.
- Providing information to the Treasurer as required to enable production of group accounts.

Further information

[Force Executive Team](#)

Further information

[Police and Crime Plan 2025-2029](#)

[OPCC Annual Report 2024-25](#)

Scrutiny Arrangements

Holding the Chief Constable to Account

This is the statutory role of a Police and Crime Commissioner and can be done in several ways. Locally the Commissioner uses a mix of public meetings, reports, and research; organisations such as HMICFRS; and formal complaints to assess the Chief Constable against expectations.

In Devon and Cornwall, the Commissioners Police and Crime plan focuses on the following four priorities for its towns and cities, its countryside and coastal areas, on its roads and in its homes and neighbourhoods:

- Anti-social behaviour
- Drugs and alcohol
- Serious violence
- Theft

The Commissioner actively seeks the input of the public to effectively carry out the scrutiny function. Whether formal or informal, scrutiny is informed by public views, needs and feedback.

Scrutiny Activity

To ensure that scrutiny activity is consistent and fair, the Commissioner for Devon, Cornwall and the Isles of Scilly aims to uphold several principles when conducting scrutiny.

There are various scrutiny arrangements in place for Devon and Cornwall Police which reflect its statutory role.

The Commissioner conducts scrutiny in three broad ways. Some of this is carried out directly, whilst some is delegated to the Chief Executive, office staff, volunteers, or specially convened panels: -

- Informal Scrutiny and Oversight (through regular meetings with the Chief Constable and force leadership)
- Quality Assurance Scrutiny (checking that police processes and procedures are being carried out properly and appropriately)
- Thematic Scrutiny Enquiries (which may be delivered through a Scrutiny Enquiry Panel)

Further information

[Police and Crime Panel- Public](#)

[Scrutiny Arrangements](#)



Higher Level Governance View



Working with others- Collaboration Governance

Regional Collaboration

The Southwest Police and Crime Commissioners and Chief Constables are committed to working together seeking opportunities to develop relationships and collaborations. This is achieved through a mix of national and regional alignment and collaboration.

The Southwest police region covers five forces, Gloucestershire, Wiltshire, Avon & Somerset, Devon and Cornwall, and Dorset.

The current collaborative arrangements between forces have evolved over time and exist at a variety of different levels. There are strategic alliances between Devon and Cornwall and Dorset, and Wiltshire and Avon and Somerset, as well as three, four and five force collaborations. Arrangements include the Regional Organised Crime Unit (ROCU) and the South-West Police Procurement Department (SWPPD). In addition, the five Police and Crime Commissioners employ three members of shared staff to support regional collaboration projects.

Collaborations are designed to provide effective and efficient services which builds policing, capability, capacity, and resilience while providing value for money through clear accountability, good governance, and transparency. This supports the achievement of long-term operational effectiveness and economy through greater interoperability, integration, or joint working of policing and public services.

Force Collaboration Agreements

Force collaboration agreements are made under Section 23 (e) of the Police Act 1996.

Force collaborations may consist of a provision for:

- (a) The joint discharge of function by members of police forces.
- (b) Members of a police force to discharge functions in other force's area.
- (c) Members of a police force to be provided to another force.

Chief Officers may make a collaboration agreement only if the chief officer thinks that the agreement is in the interests of the efficiency or effectiveness of one or more police forces.

Devon and Cornwall Police and Dorset Police work together making key strategic decisions and providing effective governance for existing alliances across both forces.

The forces work in partnership to agree the visions and priorities for the alliance services, identifying savings and approving funding to support shared service delivery.

Shared business areas are kept under regular review with improvements and benefits identified, to ensure service delivery meet today's needs.

Further information

[Force Collaboration Agreements](#)

The Review of Governance Arrangements 2025/26

The review of effectiveness of the joint governance arrangements in place during 2025/26 indicated that the framework provided a high level of assurance. Based on reflection of the key structures and processes which comprise those arrangements it can be judged that appropriate mechanisms existed to:

- promote and monitor codes of conduct and professional behaviour.
- ensure compliance with internal and external requirements.
- promote transparency and acting in the public interest.
- develop channels of communication with all sections of the community
- manage the business to deliver the organisational vision of being synonymous with exemplary service.
- apply good governance arrangements to collaboration activity and partnerships.
- appropriately scrutinise performance.

The areas for development detailed overleaf have been identified from the review process. The implementation of these will be monitored and reported in our AGS for 2025/26.

Operating Environment 2025/26

In November 2025, the government announced that Police and Crime Commissioners will not be replaced when their current terms of office end in May 2028.

The Commissioner has since announced her decision to step away from party politics and will continue to serve as an Independent, without any political affiliations, for the rest of her term of office.

A distinct highlight in 2025 was the force coming out of enhanced monitoring, reflecting the commitment of officers, staff and volunteers to deliver continuous improvement. It would not have been possible without the strong leadership of Chief Constable James Vaughan who last summer agreed to an extension of his contract which will provide much needed stability until January 2027.

Police Reform

In January 2026 the Government published the police reform white paper which proposes an ambitious programme of changes to policing.

The white paper entitled 'From local to national: a new model for policing', outlines a number of changes including a reduction in the number of forces; local policing areas to deal with crime such as shoplifting; a national police service to lead on terrorism, fraud and organised crime, a new national forensics team, changes to targets for emergency response times and a license for police officers to serve.

The Chief Constable remains committed to ensuring that nothing in police reform dilutes the local policing delivery valued by communities in Devon & Cornwall, and will work with the Police and Crime Commissioner, Chief Constables, the Home Office and other partners to ensure Devon and Cornwall is represented.

Areas for Development for 2024/25

The key areas as reported in the previous statement for development during 2025/26 are updated below.

Area for Development	Owner	Target date
Brought forward from 2023/24: Findings from the HMICFRS PEEL inspections placed the force in the 'Engage' process.	Chief Constable	Complete
Brought forward from 2023/24: Governance arrangements for the reporting of national, regional, and local multi-agency operational partnerships.	Chief Constable	Audit rescheduled 2026

New Areas Identified for Development for 2026/27

The key areas for development during 2026/27 are summarised below.

Area for Development	Owner	Target date
Development of governance arrangements following the Police Reform White Paper 2026, including the abolishment of the OPCC and the potential merger of Forces.	Chief Constable, Commissioner & OPCC	May 2028
Conclude the implementation of the improvements required by the HMICFRS in the Integrity & Standards Report October 2025.	Chief Constable	December 2027
Ensure that the force maintains establishment figures that could impact grant returns.	Chief Constable & Director of Finance and Resources	April 2027

Summary

This statement is intended to provide reasonable assurance on governance arrangements. It is stressed that no system of control can provide absolute assurance against material misstatement or loss.

No significant governance issues have been identified during this year's review. For completeness, the minor issues identified are recorded and will be addressed to ensure continuous improvement.

We hope that this document provides you with some helpful insight into how we decided to lead Devon & Cornwall Police, the systems we have put in place to ensure our decisions are open and accountable, and that your money is safeguarded.

Signatures

James Vaughan

Chief Constable

David Wilkin

Director of Finance & Resources



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK



For the Office of the Police and Crime Commissioner

March 2025

Corporate Governance

What is Corporate Governance?

Corporate governance refers to the process by which organisations are directed, controlled, led, and held to account. In other words, corporate governance is how we make sure we do things properly.

Each year the Offices of the Police and Commissioner and Chief Constable, are required to produce an AGS. The AGS is the formal mechanism we use to report on the effectiveness of our internal control and decision-making systems. Our AGS complies with the reporting requirements contained in the CIPFA – Code of Practice on Local Authority Accounting and accompanies our accounts for the financial year. This is a document that describes how well our governance system has functioned during the year ended 31 March 2026 and sets out areas for development for the year ahead.

The principles and guidance have again informed the review of governance arrangements for 2025/26. More specifically, the structure of this AGS has been prepared with reference to themes from key elements of the structures and processes referred to in the CIPFA AGS guidance.

In addition, the CIPFA Financial Management Code (FM Code) provides the public sector with guidance for good and sustainable financial management. Dorset Police complies with the principles and standards within the FM Code that provided assurance on financial sustainability.

Good corporate governance helps to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.

In 2016 CIPFA published an updated version of their “Delivering Good Governance in Local Government: Framework” which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government.

The seven principles are:

- A** – behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B** – ensuring openness and comprehensive stakeholder engagement.
- C** – defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D** – determining the interventions necessary to optimise the achievement of the intended outcomes.
- E** – developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F** – managing risks and performance through robust internal control and strong public financial management.
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

Codes of Conduct and Standards of Professional Behaviour

Ethics and Standards

Ethics and standards are core to the corporate governance arrangements.

The Office of the Police and Crime Commissioner (OPCC) aspires to the highest ethical standards in all our activities. The policing Code of Ethics sets out the principles and standards of behaviour that promote, reinforce, and support the highest standards from everyone who works within the police service.

The 'Nolan Principles' (the Seven Principles of Public Life) apply to all holders of public office – and in this case specifically apply to the Police and Crime Commissioner. They are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Further information

[Our Policies and Procedures · Dorset Police & Crime Commissioner](#)

[Code of Practice for Ethical Policing \(2023\)](#)

[Ethical Policing Principles \(2023\)](#)

[Police Misconduct Process](#)

Complaints and Recognition

Most complaints against the police are, by law, handled by police professional standards departments.

The Police and Crime Commissioner (PCC) has the responsibility for undertaking the majority of appeals, or reviews, for police complaints, as well as for complaints relating to the Chief Constable. The OPCC commissions an independent organisation to undertake any required complaint reviews.

The PCC holds the Chief Constable to account for the provision of an efficient and effective police complaints service.

The aims and key principles of the process are:

- To learn and develop by improving from mistakes, poor judgement, and low-level misconduct via early and supportive intervention.
- To provide a fair, open, and proportionate process to deal with such matters.
- To focus upon self-reflection, learning from mistakes and development of actions to put issues right and prevent reoccurrence.
- To build an inclusive, reflective, and participative process for the officer involved, and the identification of individual and organisational learning.
- To ensure that disciplinary proceedings are focused and applied only to serious breaches of the Standards of Professional Behaviour, where it is considered that a formal disciplinary sanction is justified.

Ensuring Compliance

Code of Corporate Governance

The Code of Corporate Governance is a key governance instrument which acts as a reference point for the expectations and rules about, for example, who in the organisation can make decisions and on what issues.

Finance Regulations

Aligned to the Code of Corporate Governance are the Finance Regulations. These translate into practical guidelines and the framework for decision making on financial matters.

Sources of Assurance

Various sources of assurance are relied on to test and ensure compliance with laws and regulations.

Assurance is provided on governance arrangements and checks are completed to ensure that expenditure is in line with the Finance Regulations.

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, and accountable manner.

The OPCC and the Chief Constable have in place structures, systems, and internal controls by which the police service is directed and controlled.

There are also processes and procedures in place that enable the PCC to hold the Chief Constable to account for policing in the county. The PCC engages with the local people and communities to ensure robust public accountability.

Internal Audit

Internal Audit Services were provided by the South-West Audit Partnership (SWAP). The internal audit plan for the year and regular progress reports detailing the outcome of the assignments in the plan were prepared and reported to the Independent Audit Committee.

The plan is risk based and targeted at areas where Internal Audit is the appropriate assurance provider. It is designed with a large degree of flexibility so that changes can be made to test emerging areas of concern.

Based on the internal audit assignments completed throughout the year an audit opinion is formed by SWAP for both the PCC and Chief Constable. Both the PCC and Chief Constable received positive opinions in the Annual Report for the reporting period.

The positive opinion of the internal auditors for the year ended 31st of March 2025 was used to inform the judgement on the level of assurance provided by the governance arrangements.

Head of Internal Audit (SWAP) opinion in support of the Annual Governance Statement (December 2025)

“On the balance of our 2024/25 audit work for Dorset Police and OPCC, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.”

Further information

[The Code of Corporate Governance and Financial Regulations](#)

[Annual Internal Audit Report](#)

Ensuring Compliance

External Audit

External Auditors work independently of the organisation. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Grant Thornton. The appointment is made independently by Public Sector Audit Appointments (PSAA) who manage the arrangements for appointing auditors as set out in the Local Audit and Accountability Act 2014.

Independent Audit Committee

The PCC and Chief Constable operate an Independent Audit Committee (IAC).

During 2025/26 the Committee Chair reviewed issues through regular meetings with the Executive and Chief Officers. Committee members worked together, to develop and use their knowledge and expertise, and that of others to the best effect. They have a non-political, evidence-based approach that has been proven to achieve good results. To support their roles, all Committee Members regularly reviewed and considered their training requirements.

All the IAC sessions in the reporting period were quorate and there was active engagement from members and officers

Further information

[Independent Audit Committee](#)

[Annual Report – Independent Audit Committee](#)

[Auditors Annual Report 2024/25](#)

Grant Thornton, the external auditor, delivers an audit opinion based on their verification of the financial accounts.

2024/25 Accounts

On 17 December 2025 Grant Thornton issued a qualified opinion on both the PCC and CC financial statements due to the limitation of scope opinion issued on the 2022-23 financial statements. This was due to lack of assurance over the pension liability figures as Grant Thornton did not receive the IAS 19 assurance letter from the pension fund auditor in that year. This continues to impact on the opening balances of the prior year comparator.

Summary of Value for Money assessment 2024/25

Auditors are required to report their commentary on the PCC's and CC's arrangements under specified criteria. The auditors did not identify any risks or significant weakness in the governance arrangements, or the arrangements for improving economy, efficiency, and effectiveness. No significant weakness in arrangements for financial sustainability were identified but the challenge to identify savings is increasing.

Ensuring Compliance

HMICFRS

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses police forces and policing activity in the public interest, ranging from neighbourhood teams through to serious crime and the fight against terrorism.

In preparing their reports, they ask the questions which the public would ask and publish the answers in an accessible form.

HMICFRS provide the information to allow the public to compare the performance of forces against others and their evidence is used to drive improvements in the service to the public.

As an additional source of assurance HMICFRS outcomes were considered in the review of governance arrangements.

The last Police Effectiveness Efficiency and Legitimacy (PEEL) report on the force was published in April 2025. It graded the force's performance across nine areas of policing.

The report found the force was 'requires improvement' in three areas, 'was found adequate' in four areas and was 'good' in two areas.

HMICFRS are informed primarily by the latest Force Management Statement (FMS). This is a self-assessment that the Chief Constable must prepare and submit to HMICFRS each year.

HMICFRS use the FMS and information from their other inspection activity to inform their assessment.

Assessment of the outcomes of HMICFRS inspection activity is overseen and monitored by the Deputy Chief Constables Board.

Further information

[HMICFRS](#)

Sustainability

Sustainability is a shortened term for sustainable development, which is development that meets the needs of today without compromising the ability of future generations to meet their needs. Sustainable development is achieved by balancing economic growth with social inclusion and environmental protection.

Dorset OPCC recognises that we need to embed sustainability into everything that we do to ensure we future proof the force and our local communities. In response, Dorset Police and the Dorset OPCC launched a joint Sustainability Strategy, appointed a sustainability manager and put in place an Environmental and Sustainability Group (ESG) with departmental champions.

The key priorities within the joint strategy include:

- Estates decarbonisation – identifying feasible options for transitioning to low carbon heating and installing renewables
- Fleet decarbonisation – including options for increasing electric vehicle charging capacity
- Sustainable procurement – a sustainable procurement policy and procedure has been developed and embedded into procurement processes for purchases over £50,000
- Climate change adaptation – a climate change adaptation and associated risk assessments have been completed.

Risk Management

Risk management is a key facet of Dorset OPCC's governance framework. The framework comprises the systems, processes, and values through which activities are monitored and managed. It is essential that the threats to achieving objectives are consistently identified and assessed. This is achieved through the adoption and implementation of an effective risk management process that supports the delivery of the Police and Crime Plan.

Force risks are reported to the Chief Officers and OPCC at the Joint Executive Board. Shared service business risks are reported to the Dorset and D&C Executive, and OPCC at the Working Together Board.

Transparency and Engagement

Public Engagement

The view of both organisations is that transparency is one of the pillars of good governance. The stated aspiration is that statutory requirements are not only complied with but exceeded.

Active engagement with the communities that we serve helps to create a positive working relationship and a more detailed understanding of their needs and issues.

A range of tools are used to help us be aware of and understand the experiences of our communities.

The communities of Dorset were regularly invited to have their say during 2025/26.

Participation was encouraged in surveys relating to several topics, with news and newsletters regularly published on the OPCC website

Further information

[Publications on OPCC Website](#)

Professional Standards and Behaviour

The principle of policing by consent relies on the trust and confidence that the public has in the police service. Professional Standards Department (PSD) plays a crucial role in maintaining that trust and confidence in policing, by ensuring that high standards are effectively managed.

Effective policing is built on public trust and confidence. This is dependent on a policing profession that is ethical and professional in the way that it respects, listens, responds, improves, and serves the public.

PSD is primarily focused on four key areas of business:

- Vetting – ensuring that new joiners, re-joiners, and current employed staff have the correct level of vetting for their role.
- Complaints – dealing with complaints in a timely and effective manner that enhances the reputation of Dorset Police.
- Misconduct – investigating incidents where there is a possibility that standards of professional behaviour have been breached.
- Counter-Corruption – investigating officers and staff where there is a concern that corrupt practices and behaviours may be occurring.

How the OPCC was Managed in 2025/26

Police and Crime Plan

The plan sets out the vision and priorities for policing and community safety, as well as the objectives and ambitions that the Chief Constable is held to account against.

Community engagement was sought during the reporting period to inform a refresh of the Police and Crime Plan priorities.

Code of Corporate Governance

Crucially this contains the Scheme of Delegation and consent which sets out the parameters for who can make decisions across the business. This was reviewed and published in February 2026.

OPCC Chief Finance Officer (Treasurer)

The Treasurer fulfills the role of the Chief Finance Officer for the Office of the Police and Crime Commissioner. The OPCC Chief Finance Officer (CFO) recognises our commitment to the Home Office Financial Management Code of Practice for the Police Service in England and Wales.

The CFO arrangements have also considered the CIPFA Code of Practice recommendation that the CFO reports directly to the PCC. If different arrangements are adopted the reasons should be publicly reported in the AGS.

During the reporting period the PCC's CFO reported via the Chief Executive Officer to the PCC. This provides an effective solution to engage on all material matters via a dedicated line manager. The OPCC CFO has direct access to the PCC as well as to the Chair of the Independent Audit Committee.

Financial Management and the Resource Control Board

The forum for oversight of corporate health during 2025/26 was the Resource Control Board. During the year the Board operated monthly to monitor the management of resources including land, property, finance, projects, and people. The Board received regular reports on workforce supply, litigation, estates, revenue, and capital budget monitoring.

The Resource Control Board has supported the achievement of the strategic objectives as recorded in the Annual Report.

OPCC Chief Executive (Monitoring Officer)

The Chief Executive Officer's (CEO) role is to support and advise the PCC in delivering their manifesto as expressed through the Police and Crime Plan. The CEO also has a range of statutory duties and responsibilities, including:

1. Strategy and resource planning
2. Commissioning and service delivery
3. Information (including obtaining the views of the public, research, strategic needs assessments)
4. Scrutiny, evaluation, and performance; and
5. Ensuring an efficient and effective Office of the Police and Crime Commissioner (OPCC)

The CEO leads the OPCC, focusing on delivering the full range of the plans and objectives, manages the team as the Head of Paid Staff, ensures the legal operation of the OPCC as monitoring officer, and acts as the PCC's senior advisor.

How the OPCC was Managed in 2025/26

The Police and Crime Commissioner is elected by the people of Dorset.

Details of all officers and senior staff salaries within the OPCC are published on the OPCC website.

The internal board/committee structure is set out in the Code of Corporate Governance. In summary, there are three tiers to our internal meeting structure:

- Board – for strategic oversight and decision making. Some strategic boards are joint Force and OPCC meetings jointly chaired by a Chief Officer and the PCC; other Boards which focus solely on operational policing matters are Force led boards only.
- Group – for tactical and operational decision making.
- Forum – for consultation

Joint Leadership Board

The purpose of the Joint Leadership Board (JLB) is to act as a formal governance meeting to consult on significant strategic issues and risks that jointly affect the shape of policing and crime within the Force area and to discuss issues which determine the strategic direction of the Force and OPCC.

JLB will guide the OPCC and the Force in the formulation of its corporate strategies, corporate plans, objectives, and priorities considering the social, environmental, and economic needs of our communities, partners, and the individual corporations sole.

OPCC Senior Management Team

The OPCC Senior Management Team (SMT) meets weekly, membership includes the Police and Crime Commissioner, Chief Executive, Chief Finance Officer and Director of Operations.

Members consider reports submitted by the OPCC team for information and decision. Progress is tracked on previous actions and any live “challenges” issued by the OPCC to the Force.

A weekly report is updated to record the views and decisions of the SMT and is circulated to the wider OPCC team. The agenda includes an update from the OPCC Chief Finance Officer on matters of treasury, finance, audit and risk. The SMT also take time to discuss papers and strategic issues to be raised at future boards.

The meeting also provides an opportunity for the SMT to discuss priorities, share ideas and determine areas of priority and focus.

Further information
[Structure of OPCC](#)

Scrutiny Arrangements

Holding the Chief Constable to Account

This is the statutory role of a Police and Crime Commissioner and can be done in several ways. Locally the OPCC uses a mix of public meetings, reports, and research; organisations such as HMICFRS; and formal complaints to assess the Chief Constable against expectations.

In Dorset the Police and Crime Plan focuses on the following six priorities:

- Cut crime and anti-social behaviour
- Making policing more visible and connected
- Fighting violent crime and high harm
- Fight rural crime
- Put victims and communities first
- Make every penny count

The PCC actively seeks the input of the public to effectively carry out the scrutiny function. Whether formal or informal, scrutiny is informed by public views, needs and feedback.

There are various scrutiny arrangements in place for the organisations which reflect the respective statutory roles.

Police and Crime Panel

The Panel has the statutory responsibility for scrutinising the performance of the PCC and is a joint committee of the local authorities in the area. The Panel undertakes its scrutiny function through a range of mechanisms and considers such matters as:

- Reviewing the PCC's proposals for council tax local people pay towards policing. It has the power to veto these proposals if it considers the amount is inappropriate.
- Considering the PCC's Annual Report.
- Considering the PCC's proposals for the appointment of new Chief Constables, with the power to veto.
- Investigating non-criminal complaints about the PCC.

Scrutiny Panels

Independent Scrutiny Panels are administered by the Office of the Police and Crime Commissioner (OPCC) to enable the PCC to hold Dorset Police to account in the below areas.

- The PCC chairs the Use of Police Powers and Standards Scrutiny Panel.
- The Out of Court Resolutions (formerly Disposals) Panel has an independent chair.

Both Panels comprise members of the public together with representatives from the Force and OPCC.

- Independent Custody Visitors (ICVs) provide an independent check on the welfare of people who are detained in custody.

Independent Custody Visitors (ICVs) are volunteers drawn from all walks of life whose main role is to provide an independent check on the welfare of people who are detained in police custody. They do this by making random, unannounced visits in pairs to police custody suites throughout the county and reporting their findings.

Further information

[Police and Crime Panel](#)

Further information

[Scrutiny Panels](#)

[Commissioner's Annual Report](#)

High Level Governance Model



Collaboration & Regional Governance

The PCC has a statutory duty to collaborate and so it is important that good governance arrangements are incorporated for oversight of collaboration activity.

The agreements that underpin collaboration activity are published as a matter of routine.

Collaboration Agreements

Force Collaboration agreements are made under Section 23 (e) of the Police Act 1996.

Force collaborations may consist of a provision for:

- The joint discharge of functions by members of police forces.
- Members of a police force to discharge functions in other force's area.
- Members of a police force to be provided to another force.

Chief Officers may make a collaboration agreement only if the chief officer thinks that the agreement is in the interests of the efficiency or effectiveness of one or more police forces.

Regional Collaboration

The Southwest Police and Crime Commissioners and Chief Constables are committed to working together seeking opportunities to develop relationships and collaborations. This is achieved through a mix of national and regional alignment and collaboration. The Southwest police region covers five forces, Gloucestershire, Wiltshire, Avon and Somerset, Devon and Cornwall, and Dorset.

The current collaborative arrangements between forces have evolved over time and exist at a variety of different levels. There are strategic alliances between Devon and Cornwall and Dorset, and Wiltshire and Avon and Somerset, as well as three, four and five force collaborations. Arrangements include the Regional Organised Crime Unit (ROCU) and the South-West Police Procurement Department (SWPPD).

Collaborations are designed to provide effective and efficient services which builds policing, capability, capacity, and resilience while providing value for money through clear accountability, good governance, and transparency. This supports the achievement of long-term operational effectiveness and economy through greater interoperability, integration, or joint working of policing and public services.

In addition, the five Police and Crime Commissioners employ one member of shared staff to support regional collaboration projects.

Key OPCC Partnerships

Established Partnerships

We are members of a number of other important established partnerships in Dorset, such as:

The Dorset Criminal Justice Board, which brings together leaders from key agencies such as the Police, in order to oversee delivery of the Criminal Justice System in Dorset.

- His Majesty's Prison Service (HMPS)
- His Majesty's Courts and Tribunals Service (HMCTS),
- the Crown Prosecution Service (CPS),
- Youth Offending Service (YOS),
- the National Probation Service (NPS),
- the Community Rehabilitation Company (CRC) and Health

The Partnership Board for the Dorset Combined Youth Offending Service, which is a partnership responsible for working with young people, to help prevent them committing crime or where they have already done so, to try to prevent them from re-offending. They also help young people and their families at police stations and at court and they supervise young people serving community sentences.

The Pan-Dorset Sexual Violence Strategy Group and the Pan-Dorset Domestic Abuse Strategy Group are dedicated to improving service delivery in these crucial themed areas of business.

Dorset Watch Schemes - these schemes reflect the diversity of the urban and rural make up of Dorset, and are tailored to meet the needs and interests of particular groups within our communities (e.g. Community Speed Watch, Neighbourhood Watch, Hotel Watch).

In addition, we have very strong relationships with other partnerships that come together to tackle important specific topics such as Drugs and Alcohol, Mental Health, Nighttime Economy issues, Child Sexual Exploitation and Missing Children, plus partnerships aimed at more geographically focused local problems. We help to fund and/or facilitate some of this partnership work, to better address issues that no single agency can necessarily tackle.

Community Safety Partnerships

The two Community Safety Partnerships (CSPs) in Dorset (BCP Council and Dorset Council areas), each bring together representatives from key statutory organisations (local authorities, police, fire authority, health and probation services), alongside other key non-statutory agencies, in order to address wider crime reduction and community safety issues.

The Review of Governance Arrangements 2025/26

The review of effectiveness of the joint governance arrangements in place during 2024/25 indicated that the framework provided a high level of assurance. Based on reflection of the key structures and processes which comprise those arrangements, it can be judged that appropriate mechanisms existed to:

- promote and monitor codes of conduct and professional behaviour.
- ensure compliance with internal and external requirements.
- promote transparency and acting in the public interest.
- develop channels of communication with all sections of the community
- manage the business to deliver the organisational vision of being synonymous with exemplary service.
- apply good governance arrangements to collaboration activity and partnerships.
- appropriately scrutinise performance.

The areas for development detailed overleaf have been identified from the review process. The implementation of these will be monitored and reported in our AGS for 2025/26.



Police Reform

The Government white paper 'From Local to National: A New Model for Policing' was published in January 2026, and outlines a series of proposals aimed at reforming the way policing, and its governance, is delivered. These proposals include:

- the removal of PCCs at the end of their current term in 2028, replaced by Metro Mayors where they exist, and by Police and Crime Boards where they do not.
- an Independent Review of Police Structures to recommend how policing in England and Wales might be restructured into fewer, larger forces.
- the creation of a new national police service by bringing together a number of the existing policing capabilities under a single banner.

Whilst these remain Government intentions at this stage, significant national programmes of work have been stood up to work through the various detail needed to deliver the expected change.

Until then the OPCC and Dorset Police will continue to work positively and constructively to keep Dorset safe, and to support the delivery of the Police and Crime Plan, designed to get the very best outcomes for the people of Dorset.

As this national work develops at pace, it may be likely that exceptional reviews of the OPCC and Force governance are needed in order to respond to and control expected legislative changes. Such changes, whilst they may well fall outside of the traditional fixed review structure, will still be managed within the respective corporations sole acceptance of, and adherence to the principles of good governance, as set out in this and related documents.

Areas identified for Development in 2025/26

The key areas as reported in the previous statement for development during 2025/26 are updated below.

Area for Development	Owner	Target date
<p>Dorset Police Race Action Plan Development and delivery of the Dorset Police Race Action Plan</p>	Chief Constable and OPCC	Complete: Dorset Race Action Plan being delivered
<p>Cost Challenge Delivery of cost savings to ensure the Force can deliver a balanced budget each year.</p>	Chief Constable and OPCC	Complete: Budget 2026/27 approved December 2025
<p>Governance Oversight Ensuring that evolving shared services structures, retain strong governance oversight during periods of change.</p>	Chief Constable	Regional governance internal audit review rescheduled for 2026/27

New Areas Identified for Development for 2026/27

The key areas for development during 2026/27 are summarised below

Area for Development	Owner	Target date
Development of governance arrangements following the Police Reform White Paper 2026, including the abolishment of the PCC role, the creation of a Police and Crime Board, and the potential merger of Forces.	PCC, OPCC & Chief Constable	March 2028
Hold the Chief Constable to account for the maintenance of establishment figures that could impact grant returns.	PCC & OPCC	March 2027
Maintain the ongoing lobbying of government for a fairer funding allocation for rural Forces, as currently Dorset is the second lowest funded Force in the country	PCC, OPCC & Chief Constable	March 2027

Summary

This statement is intended to provide reasonable assurance on governance arrangements. It is stressed that no system of control can provide absolute assurance against material misstatement or loss.

No significant governance issues have been identified during this year's review. For completeness, the minor issues identified are recorded and will be addressed to ensure continuous improvement.

We hope that this document provides helpful insight into how we decided to lead Dorset OPCC, the systems we have put in place to ensure our decisions are open and accountable, and the processes by which public money is safeguarded.

Signatures

David Sidwick

Police and Crime Commissioner Dorset

Simon Bullock

Chief Executive & Monitoring Officer

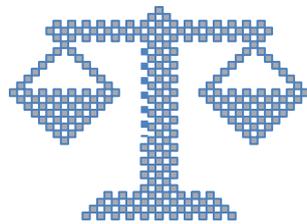
Julie Strange

Treasurer & Chief Finance Officer



**DORSET
POLICE**

A safe county for everyone



**Annual Governance
Statement
2025/26**

For the Chief Constable of Dorset
Police

March 2026

Introduction



Amanda Pearson
Chief Constable for Dorset

Welcome to the Annual Governance Statement (AGS) for 2025/26. The AGS outlines what the key governance structures and processes were during the financial year and captures the main findings arising from the annual review of those arrangements.

Welcome from the Chief Constable

Our people deliver high quality services to our communities. We rely on our governance arrangements as the framework to make sure that service delivery is carried out properly. We each have a responsibility for ensuring that our governance arrangements remain fit for purpose and undertake a review on an annual basis.

Where our review has identified positive practice or areas for improvement, we will capture those in the relevant section of this AGS.

Overall, the review undertaken to inform this AGS indicated that the key structures and processes that were in place during 2025/26 continued to provide a high level of confidence in the governance arrangements and that:

- Decisions are ethical, open, honest, and evidence based.
- Public money is safeguarded.
- Risk is effectively managed.
- Transparency comes as a matter of course.
- Processes are continually improved.

Corporate Governance

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The principles and guidance have again informed the review of governance arrangements for 2025/26. More specifically, the structure of this AGS has been prepared with reference to themes from key elements of the structures and processes referred to in the CIPFA AGS guidance.

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Good corporate governance helps to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.

In 2016 CIPFA published an updated version of their “Delivering Good Governance in Local Government: Framework” which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (‘the International Framework’) and interprets them for local government. The seven principles are:

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- F** – managing risks and performance through robust internal control and strong public financial management
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

Codes of conduct and standards of professional behaviour

Ethics and standards

Ethics and standards are core to corporate governance arrangements. The organisation aspires to the highest ethical standards in all our activities. The policing Code of Ethics sets out the principles and standards of behaviour that promote, reinforce, and support the highest standards from everyone who works within the police service.

A new national Code of Ethics (2024) has been published by the College of Policing outlining the professional behaviours that our communities rightly expect to see of us whether we are a police officer, member of police staff or volunteer.

The Code outlines the expected behaviours from a police service that is fair, ethical, and professional providing a framework to guide the actions taken and decisions every day, no matter what the role. The Code is hosted on the College of Policing website and has been developed by serving police officers, police staff, academics, and representatives from partner organisations. Based on evidence and first-hand experience, it has been developed to ensure everyone feels fully supported within their roles.

The Code of Ethics has been simplified into three principles. These are:

- Public service
- Courage
- Respect and empathy

The Ethics Committee is well established and is a key component of the Ethics Structure.

Complaints and Recognition

Complaints and recognition about the police are handled by the Commissioner's independent team, to ensure fairness, for the public and the police.

The aims and key principles of the process are:

- To learn and develop by improving from mistakes, poor judgement, and low-level misconduct via early and supportive intervention.
- To provide a fair, open, and proportionate process to deal with such matters.
- To focus upon self-reflection, learning from mistakes and development of actions to put issues right and prevent reoccurrence.
- To build an inclusive, reflective, and participative process for the officer involved, and the identification of individual and organisational learning.
- To ensure that disciplinary proceedings are focused and applied only to serious breaches of the Standards of Professional Behaviour, where it is considered that a formal disciplinary sanction is justified.

Further information

[Code of Practice for Ethical Policing \(2023\)](#)

[Ethical Policing Principles \(2024\)](#)

[Police Misconduct Process](#)

Ensuring Compliance

Code of Corporate Governance

The Code of Corporate Governance is a key governance instrument which acts as a reference point for the expectations and rules about, for example, who in the organisation can make decisions and on what issues.

Finance Regulations

Aligned to the Code of Corporate Governance are the Finance Regulations. These translate into practical guidelines and the framework for decision making on financial matters.

Sources of Assurance

Various sources of assurance are relied on to test and ensure compliance with laws and regulations, the governance arrangements and that expenditure is in line with the Finance Regulations.

Internal Audit

Internal Audit Services were provided by the South- West Audit Partnership (SWAP). The internal audit plan for the year and regular progress reports detailing the outcome of the assignments in the plan were prepared and reported to the Independent Audit Committee.

The plan is risk based and targeted at areas where Internal Audit is the appropriate assurance provider. It is designed with a large degree of flexibility so that changes can be made to test emerging areas of concern.

Based on the internal audit assignments completed throughout the year an audit opinion is formed by SWAP for both the Commissioner and Chief Constable. Both the Commissioner and Chief Constable received positive opinions in the Annual Report for the reporting period.

The positive opinion of the internal auditors for the year ended 31st March 2026 was used to inform the judgement on the level of assurance provided by the governance arrangements.

Head of Internal Audit (SWAP) opinion in support of the Annual Governance Statement (December 2025)

“On the balance of our 2025/26 audit work for Dorset Police and OPCC, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.”

Further information

[The Code of Corporate Governance and Financial Regulations](#)

[Annual Internal Audit Report](#)

Ensuring Compliance

External Audit

External Auditors work independently of the organisation. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Grant Thornton. The appointment is made independently by Public Sector Audit Appointments (PSAA) who manage the arrangements for appointing auditors as set out in the Local Audit and Accountability Act 2014

Independent Audit Committee

The Commissioner and Chief Constable operate an Independent Audit Committee (IAC).

During 2025/26 the Committee Chair reviewed issues through regular meetings with the Chief Officers. Committee Members worked together to develop and use their knowledge and expertise, and that of others to the best effect. They have a non-political, evidence-based approach that has been proven to achieve best results. To support their roles, all Committee Members regularly review and consider their training requirements.

All the IAC sessions in the reporting period were quorate and there was active engagement from members and officers.

Good governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, and accountable manner.

The Commissioner and the Chief Constable have in place structures, systems, and internal controls by which the police service is directed and controlled.

There are also processes and procedures in place that enable the Commissioner to hold the Chief Constable to account for policing in the county. The Commissioner engages with the local people and communities to ensure robust public accountability.

Grant Thornton's audit opinion based on their verification of the financial accounts 2024/25 Accounts

On 17 December 2025 Grant Thornton issued a qualified opinion on both the PCC and CC financial statements due to the limitation of scope opinion issued on the 2022-23 financial statements. This was due to lack of assurance over the pension liability figures as Grant Thornton did not receive the IAS 19 assurance letter from the pension fund auditor in that year. This continues to impact on the opening balances of the prior year comparator.

Summary of Value for Money Assessment 2024/25

Auditors are required to report their commentary on the PCC's and CC's arrangements under specified criteria. The auditors did not identify any risks or significant weakness in the governance arrangements, or the arrangements for improving economy, efficiency, and effectiveness. No significant weakness in arrangements for financial sustainability were identified but the challenge to identify savings is increasing.

Ensuring Compliance

HMICFRS

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses police forces and policing activity in the public interest, ranging from neighbourhood teams through to serious crime and the fight against terrorism.

In preparing their reports, they ask the questions which the public would ask and publish the answers in an accessible form.

HMICFRS provide the information to allow the public to compare the performance of forces against others and their evidence is used to drive improvements in the service to the public.

As an additional source of assurance HMICFRS outcomes were considered in the review of governance arrangements.

The inspectorate's 2023/25 Police Effectiveness Efficiency and Legitimacy (PEEL) report on the Force was published in April 2025. It graded the Force's performance across nine areas of policing. The report found the Force was 'requires improvement' in three areas, 'was found adequate' in four areas and was 'good' in two areas.

HMICFRS are informed to a great extent by the latest Force Management Statement (FMS). This is a self-assessment that the Chief Constable must prepare and submit to HMICFRS each year.

HMICFRS use the FMS and information from their other inspection activity to inform their assessment.

Assessment of the outcomes of HMICFRS inspection activity is overseen and monitored by the Deputy Chief Constables Board (Operations).

Further information

[HMICFRS](#)

Force Sustainability

Sustainability is a shortened term for sustainable development, which is development that meets the needs of today without compromising the ability of future generations to meet their needs. Sustainable development is achieved by balancing economic growth with social inclusion and environmental protection. At Dorset Police we recognise that we need to embed sustainability into everything that we do to ensure we future proof the Force and our local communities.

Because of the interconnected nature of our economy, our environment, and our society we have a direct impact on some of the UN Sustainability Goals and a significant indirect impact on the others. Consequently, we have incorporated all the UN Sustainability Goals into the key areas of action in our Sustainability Strategy.

Risk Management

Risk management is a key facet of Dorset Police's governance framework. The framework comprises the systems, processes and values through which activities are monitored and managed. It is essential that the threats to achieving objectives are consistently identified and assessed. This is achieved through the adoption and implementation of an effective risk management process that supports the delivery of the Police and Crime Plan and Force Business Plans.

A consistent process for the management and reporting of risk has been adopted. Force risks are reported to the Chief Officers and OPCC at the Joint Executive Board. Shared service business risks are reported to the Dorset and D&C Executive and OPCC at the Working Together Board.

The Independent Audit Committee monitors risk reports for assurance on the effectiveness of risk management arrangements on behalf of Dorset Police.

Transparency & Engagement

The view of the organisation is that transparency is one of the pillars of good corporate governance. The stated aspiration is that statutory requirements are not only complied with but exceeded.

Active engagement with the communities that we serve helps to create a positive working relationship with them and a more detailed understanding of their needs and issues.

A range of tools are used to help up be aware of and understand the experiences of our communities.

The communities of Dorset were regularly invited to have their say during 2025/26

Participation was encouraged in surveys relating to several topics, with news and newsletters regularly published on the OPCC website.

Professional Standards & Behaviour

The principle of policing by consent relies on the trust and confidence that the public has in the police service. Professional Standards Department (PSD) plays a crucial role in maintaining that trust and confidence in policing, by ensuring that high standards are effectively managed.

Effective policing is built on public trust and confidence. This depends on a policing profession that is ethical and professional in the way that it respects, listens, responds, improves, and serves the public.

Chief officers lead the Force by supporting the positive reinforcement, and development of ethical and professional behaviour, to improve policing practice. Unprofessional behaviour is challenged, staff welfare is understood and managed, openness and candour are supported, professional development is encouraged, and misconduct is investigated.

PSD is primarily focused on four key areas of business:

- Vetting – ensuring that new joiners, re-joiners, and current employed staff have the correct level of vetting for their role.
- Complaints – dealing with complaints in a timely and effective manner that enhances the reputation of Dorset Police.
- Misconduct – investigating incidents where there is a possibility that standards of professional behaviour have been breached.
- Counter-Corruption – investigating officers and staff where there is a concern that corrupt practices and behaviours may be occurring.



How the Force was managed in 2025/26

Police and Crime Plan

The plan sets out the vision and priorities for policing and community safety, as well as the objectives and ambitions that the Chief Constable is held to account against.

Community engagement was sought during the reporting period to inform a refresh of the Police and Crime Plan priorities.

Code of Corporate Governance

Crucially this contains the scheme of delegation and consent which sets out the parameters for who can make decisions across the business. This was reviewed and published in February 2026.

Chief Financial Officer

The Chief Financial Officer (CFO) for the Force supports the Chief Constable, giving advice, overseeing spending plans, and sitting as a member of the Chief Officer Executive team. This role is the person responsible in law for the proper administration of the Force's financial affairs. The CFO is a qualified accountant and has responsibility for the delivery of ICT services, Transport, Administration and Financial Services within Dorset. These departments are all delivered in partnership with Devon and Cornwall (D&C) Police, and are joint teams working across, and providing services to, all three counties.

The Dorset CFO works closely with the D&C CFO who is a member of the five Force Regional Finance Directors group and represents all five Directors at the Regional Strategic Chiefs and Commissioners meeting. They are also the lead officer for the Southwest Police Procurement Department, which provides its services to Devon & Cornwall Police, Dorset Police, Gloucestershire Constabulary, Wiltshire Police and Avon and Somerset Police.

Financial Management & the Resource Control Board

The forum for oversight of corporate health during 2025/26 was the Resource Control Board. During the year the Board operated monthly to monitor the management of resources including land, property, finance, projects, and people. The Board received regular reports on workforce supply, litigation, estates, revenue and capital budget monitoring and forecasting.

The Resource Control Board has supported the achievement of the strategic objectives as recorded in the Commissioners Annual Report.

Joint Leadership Board

The purpose of the Joint Leadership Board (JLB) is to act as a formal governance meeting to consult on significant strategic issues and risks that jointly affect the shape of policing and crime within the Force area and to discuss issues which determine the strategic direction of the Force and OPCC. JLB will guide the OPCC and the Force in the formulation of its corporate strategies, corporate plans, objectives, and priorities considering the social, environmental, and economic needs of our communities, partners, and the individual corporation's sole.

Joint Executive Board

As the executive decision-making forum for the partnership between Dorset and Devon and Cornwall Police, the Joint Executive Board (JEB). The board provides organisational governance and leadership, sets strategic direction, provides scrutiny and management of risk and ensures co-ordination of priorities across both Force areas.

It is noted and accepted that whilst JEB may make decisions which 'bind' both Forces, it is equally possible for JEB to make decisions in relation to one Force only or alternatively to deal with matters that impact on only one Force rather than both.

Scrutiny Arrangements

Holding the Chief Constable to Account

This is the statutory role of a Police and Crime Commissioner and can be done in several ways. Locally the Commissioner uses a mix of public meetings, reports, and research; organisations such as HMICFRS; and formal complaints to assess the Chief Constable against expectations.

In Dorset the Commissioners plan is to focus on the following six priorities:

- Cut crime and anti-social behaviour.
- Making policing more visible and connected
- Fighting violent crime and high harm
- Fight rural crime.
- Put victims and communities first.
- Make every penny count.

The Commissioner actively seeks the input of the public to effectively carry out the scrutiny function. Whether formal or informal, scrutiny is informed by public views, needs and feedback.

Scrutiny Panels

Independent Scrutiny Panels are administered by the Office of the Police and Crime Commissioner (OPCC) to enable the Commissioner to hold Dorset Police to account in the below areas.

- The Commissioner chairs the Use of Police Powers and Standards Scrutiny Panel.
- The Out of Court Disposals Panel has an independent chair.

Both Panels comprise members of the public together with representatives from the Force and OPCC.

- Independent Custody Visitors (ICVs) provide an independent check on the welfare of people who are detained in custody.

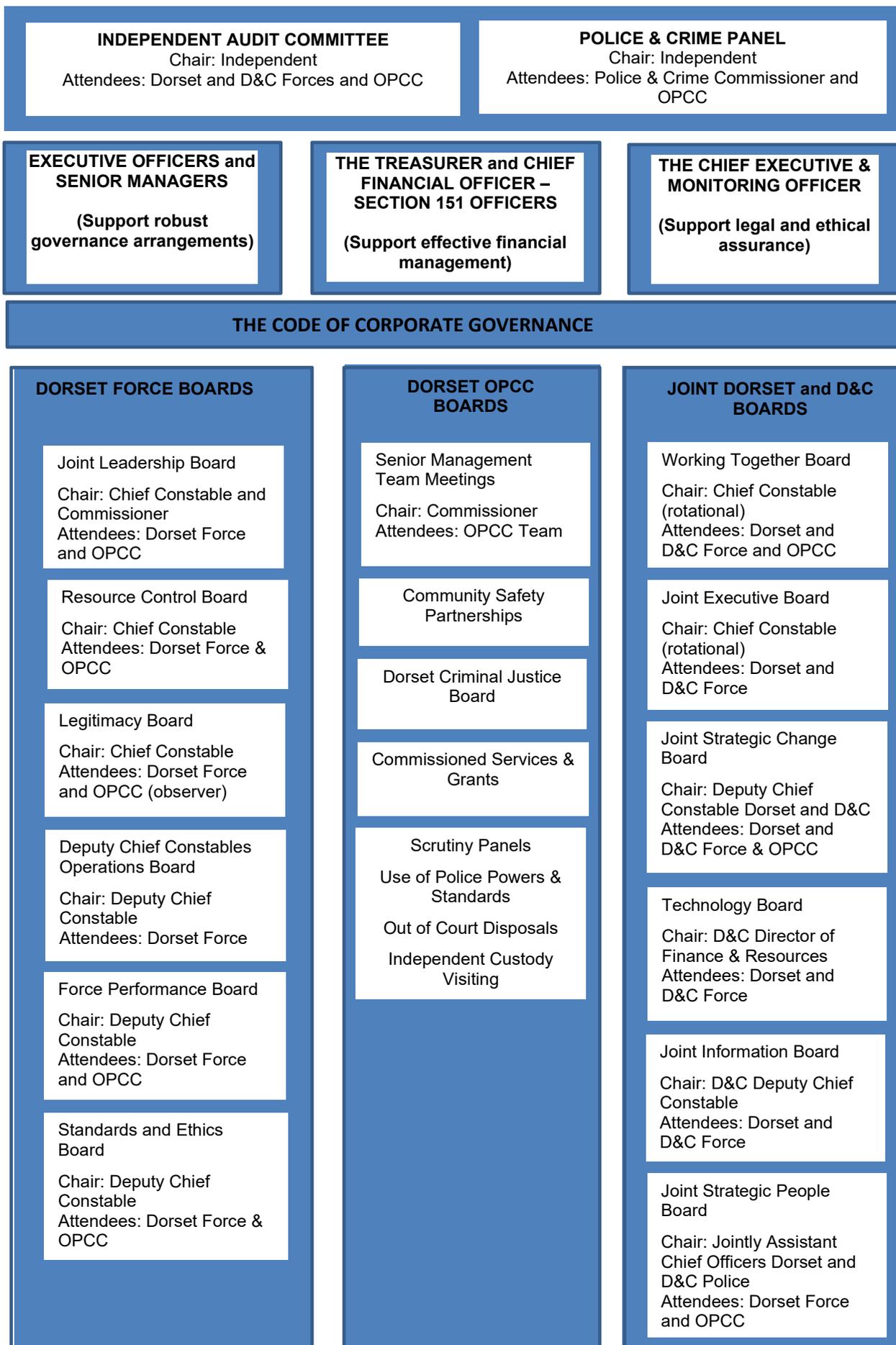
Independent Custody Visitors (ICVs) are volunteers drawn from all walks of life whose main role is to provide an independent check on the welfare of people who are detained in police custody. They do this by making random, unannounced visits in pairs to police custody suites throughout the County and reporting their findings.

Further information

[Scrutiny Panels](#)

[Commissioner's Annual Report 2024/25](#)

High Level Governance Model



Working with others – Collaboration Governance

The Commissioner has a statutory duty to collaborate and so it is important that good governance arrangements are incorporated for oversight of collaboration activity.

The agreements that underpin collaboration activity are published as a matter of routine.

Collaboration Agreements

Force Collaboration agreements are made under Section 23 (e) of the Police Act 1996.

Force collaborations may consist of a provision for:

- The joint discharge of functions by members of police forces.
- Members of a police force to discharge functions in other force's area.
- Members of a police force to be provided to another force.

Chief Officers may make a collaboration agreement only if the chief officer thinks that the agreement is in the interests of the efficiency or effectiveness of one or more police forces.

Community Safety Partnerships

The two Community Safety Partnerships (CSPs) in Dorset (BCP Council and Dorset Council areas), each bring together representatives from key statutory organisations (local authorities, police, fire authority, health and probation services), alongside other key non-statutory agencies, in order to address crime and community safety issues that impact on the local communities within their geographical area.

Other established partnerships

Dorset Police are members of a number of other important established partnerships in Dorset, such as:

The Dorset Criminal Justice Board, which brings together leaders from key agencies such as the Police, in order to oversee delivery of the Criminal Justice System in Dorset.

- His Majesty's Prison Service (HMPS)
- His Majesty's Courts and Tribunals Service (HMCTS),
- the Crown Prosecution Service (CPS),
- Youth Offending Service (YOS),
- the National Probation Service (NPS),
- the Community Rehabilitation Company (CRC) and Health

The Partnership Board for the Dorset Combined Youth Offending Service, which is a partnership responsible for working with young people, to help prevent them committing crime or where they have already done so, to try to prevent them from re-offending. They also help young people and their families at police stations and at court and they supervise young people serving community sentences.

The Pan-Dorset Sexual Violence Strategy Group and the Pan-Dorset Domestic Abuse Strategy Group, dedicated to improving service delivery in these crucial themed areas of business.

Dorset Watch Schemes - these schemes reflect the diversity of the urban and rural make up of Dorset, and all are tailored to meet the needs and interests of particular groups within our communities (e.g Community Speed Watch, Neighbourhood Watch, Hotel Watch).

In addition, we have very strong relationships with other partnerships that come together to tackle important specific topics such as Drugs and Alcohol, Mental Health, Nighttime Economy issues, Child Sexual Exploitation and Missing Children, plus partnerships aimed at more geographically focused local problems. We help to fund and/or facilitate some of this partnership work, to better address issues that no single agency can necessarily tackle alone.

Working with others – Collaboration Governance

Working Together

Devon and Cornwall Police and Dorset Police work together making key strategic decisions and providing effective governance for existing alliances across both forces.

The forces work in partnership to agree the visions and priorities for the delivery of services, identifying savings and approving funding to support shared service delivery.

Shared business areas are kept under regular review with improvements and benefit identified to ensure service delivery meets today's needs.

Regional Collaborations

The Southwest Police and Crime Commissioners and Chief Constables are committed to working together seeking opportunities to develop relationships and collaborations. This is achieved through a mix of national and regional alignment and collaboration. The Southwest police region covers five forces, Gloucestershire, Wiltshire, Avon & Somerset, Devon and Cornwall, and Dorset.

The current collaborative arrangements between forces have evolved over time and exist at a variety of different levels. There are strategic alliances between Devon and Cornwall and Dorset, and Wiltshire and Avon and Somerset, as well as three, four and five force collaborations.

Arrangements include the Regional Organised Crime Unit (ROCU) and the South-West Police Procurement Service (SWPPS).

South West Forensics provides a regional four force service delivering forensic provision on a collaborative basis between Avon and Somerset Constabulary, Devon and Cornwall Police, Dorset Police and Wiltshire Police.

Collaborations are designed to provide effective and efficient services which builds policing, capability, capacity, and resilience while providing value for money through clear accountability, good governance, and transparency. This supports the achievement of long-term operational effectiveness and economy through greater interoperability, integration, or joint working of policing and public services.

The Review of Governance Arrangements in place during 2025/26

The review of effectiveness of the joint governance arrangements in place during 2025/26 indicated that the framework provided a high level of assurance. Based on reflection of the key structures and processes which comprise those arrangements it can be judged that appropriate mechanisms existed to:

- promote and monitor codes of conduct and professional behaviour.
- ensure compliance with internal and external requirements.
- promote transparency and acting in the public interest.
- develop channels of communication with all sections of the community.
- manage the business to deliver the organisational vision of being synonymous with exemplary service.
- apply good governance arrangements to collaboration activity and partnerships.
- appropriately scrutinise performance.

The areas for development detailed overleaf have been identified from the review process. The implementation of these will be monitored and reported in our AGS for 2025/26.

Police Reform

On the 13th November 2025 the Home Secretary shared with the House of Commons proposals to move responsibility for police governance away from Police and Crime Commissioners to elected mayors, and policing and crime boards. The transition to the new model will happen at the end of the next electoral cycle in 2028.

Until then Dorset Police will continue to work positively and constructively with the Commissioner and his office, to keep Dorset safe, and to support the delivery of the Police and Crime Plan, designed to get the very best outcomes for the people of Dorset.

On Monday 26 January 2026, the Home Secretary published proposals to Parliament about national police reform. The Home Secretary and government has set out a new path for policing in our country.

The reforms aim to support local policing, so it is more responsive to local priorities. A new National Police Service will replace existing national bodies and be responsible for providing strategic leadership, setting national standards and delivering enabling services across all police forces.



Areas Identified for Development in 2025/26

The key areas as reported in the previous statement for development during 2025/26 are updated below.

Area for Development	Owner	Target date
<p>Partnership Governance. Governance arrangements for the reporting of national, regional, and local multi-agency operational partnerships.</p>	Chief Constable	Regional governance internal audit review rescheduled for 2026/27
<p>Dorset Police Race Action Plan Development and delivery of the Dorset Police Race Action Plan</p>	Chief Constable and OPCC	Complete: Dorset Race Action Plan being delivered
<p>Savings & Efficiency Planning Delivery of cost savings to ensure the Force can deliver a balanced budget each year.</p>	Chief Constable and OPCC	Complete: Budget 2026/27 approved December 2025
<p>Governance Oversight Ensuring that evolving shared services structures, retain strong governance oversight during periods of change.</p>	Chief Constable	Regional governance internal audit review rescheduled for 2026/27

New Areas Identified for Development in 2026/27

The key areas for development during 2026/27 are summarised below

Area for Development	Owner	Target date
Development of governance arrangements following the Police Reform White Paper 2026, including the abolishment of the OPCC and the potential merger of Forces.	Commissioner, OPCC & Chief Constable	March 2028
Hold the Chief Constable to account for delivery against the Neighbourhood Policing Grant, ensuring resources are allocated as appropriate”	Commissioner & OPCC	March 2027

Summary

This statement is intended to provide reasonable assurance on governance arrangements. It is stressed that no system of control can provide absolute assurance against material misstatement or loss.

No significant governance issues have been identified during this year's review. For completeness, the minor issues identified are recorded and will be addressed to ensure continuous improvement.

We hope that this document provides you with some helpful insight into how we decided to lead Dorset Police, the systems we have put in place to ensure our decisions are open and accountable, and that your money is safeguarded.

Signatures

Amanda Pearson

Chief Constable for Dorset Police

Neal Butterworth

Chief Finance Officer

**AGENDA NO: 13****INDEPENDENT AUDIT COMMITTEE****DATE OF MEETING: 1st April 2026****TITLE OF REPORT: Internal Audit Action Update Report****REPORT BY: Robin Wheeler (Head of Finance)****PURPOSE OF THE REPORT:**

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	X
External Audit	
Financial reporting	
Other matter (please specify here)	
Appendices (please specify the number)	2

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	X
Note the report	
Other (please specify here)	

1. BACKGROUND INFORMATION

- 1.1 The term of reference of the audit committee gives specific responsibility to consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions and have strategic oversight.
- 1.2 The Internal Audit Plan is set out and agreed with the Section 151 Officers of the four-corporation sole.
- 1.3 On finalisation of an audit each action is agreed and allocated an action owner. A target end date is also agreed between the auditor and the owner which sets the timescale for completion.

- 1.4 A report is to be presented quarterly to the Audit Committee and the report must identify those priority 1 and 2 audit actions that are considered overdue or require an extension in advance of six months. The Committee will be able to call the business area to the committee to take questions or ask the business area to bring a report to the next committee on progress of the actions identified.
- 1.5 The Audit Committee has requested that every meeting they receive a summary of the extension requests made to the Head of Finance (or S151 where appropriate) and reasons for extensions. The Head of Finance has delegated authority to grant extensions for up to a six-month period.
- 1.6 The Audit Committee are being asked to raise any issues they have surrounding the delays in completion of the overdue audit actions highlighted in Appendix A. This will then be fed back into the force via the Resources Board (D&C) and DCC Operations Board (Dorset).
- 1.7 All audit actions are prioritised according to the definitions captured below:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Findings that require attention.

2. INTERNAL AUDIT RECOMMENDATIONS

- 2.1 The table below sets out a summary of the number of all overdue audit actions as of 26th February 2026, currently being progressed.

2.2

Internal Audit Actions	Priority 1	Priority 2	Priority 3
DORSET			
Actions that are overdue	0	0	0
Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	4	1
TOTAL	0	4	1
DEVON & CORNWALL			
Actions that are overdue	0	6	2
Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	1	4
TOTAL	0	7	6
ALLIANCE AREAS - Joint Force Actions			
Actions that are overdue	0	14	8

Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	2	3
Actions re ERP development – Awaiting Board Prioritisation	0	4	0
TOTAL	0	20	11
OVERALL TOTALS	0	31	18

- 2.3 The table below sets out which departments which have the overdue audit actions and actions which we cannot close without evidence of completion.

Departments		Priority 2	Priority 3
D&C Evidential Property Stores	D&C	1	
D&C OPCC	D&C	1	2
D&C Stores	D&C	1	
D&C Custody	D&C	1	
D&C Policy Management	D&C	1	
D&C Performance & Analysis	D&C	2	
D&C Cryptocurrency (SOCB)	D&C		4
DORSET Crime & Criminal Justice	DORSET	1	
DORSET Clinical Governance	DORSET		1
DORSET Custody	DORSET	2	
DORSET Policy Management	DORSET	1	
ICT	Alliance	5	2
HR Ops & Learning & Development	Alliance	2	
Finance	Alliance	5	5
Legal Services	Alliance	1	1
Fleet Services	Alliance	7	3
TOTAL		31	18

3. OVERDUE ACTIONS

- 3.1 Appendix A sets out the priority 2 audit actions that are considered overdue.
- 3.2 Appendix B sets out the priority 2 audit actions which have requested an extension within the six-month period, which is authorised by the Head of Finance.
- 3.3 The completion of some overdue audit actions has been delayed due to resource constraints, as efforts have been redirected to support the organisation's priority-based budgeting project currently being undertaken on Alliance departments. This high priority initiative has required significant input from key staff, resulting in the temporary deferral of other planned activities. Work on the outstanding audit actions will resume as capacity allows, with revised timelines to be communicated accordingly.
4. The ERP System development actions have been listed separately as a decision on the future development of the system. The purpose of the review is to deliver a

comprehensive understanding of how people, stores and finance data and processes operate end-to-end across the organisation, and to recommend actions to strengthen efficiency, integration, and governance. The aim is to deliver a stronger foundation for digital transformation and enable better alignment between people and financial data.

Prepared By: Jo George, Acting Head of Audit & Insurance

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
Alliance HR Secondments 2022-23									
3643	The Recruitment and Selection Manager (Police Staff) to agree to ensure that all guidance relating to the return of the secondee back into the organisation is relevant and is appropriately communicated to all staff and stakeholders so that they are aware of their responsibilities.	Recruitment and Selection Manager (Police Staff) (Alliance)	2	Alliance	Overdue	30/09/2024	30/09/2025	31/03/2026	
<p>10 Feb 26 - Shyrose Allibhai Overdue Work continues regarding the Step-by-Step guides to ensure in place for end of performance year (March 2026). NEW Extension requested until 31/03/2026.</p>									
Alliance HR Employee Records									
6977	The Alliance Resourcing Manager and the HR Managers, Corporate Support (DP and DCP) to agree to introduce additional control checks, such as monthly dip sampling and complete logging of all quality assurance checks to ensure all updates and changes made to employee records are accurate.	Head of HR Ops (DP & DCP) / Alliance Resourcing Manager (DP & DCP)	2	Alliance	Overdue	31/10/2025	31/03/2026		
<p>10.2.26 Shyrose Allibhai Overdue Resourcing: Dip sample is planned for February, reviewing January - documentation will be produced and provided as evidence (spreadsheet format). Complete HR Ops (D&C and Dorset)</p>									
Alliance Stores and Stock Management Follow Up Audit									
4305	The Stores Manager (DCP) to ensure cyclical stocktakes consistently happen at an appropriate frequency and that a date for a 100% stock take is agreed and completed as soon as possible.	Stores Manager (DCP)	2	D&C	Overdue	30/06/2024	31/03/2026		
<p>3/2/2026 Neil Hayman Overdue Follow up action re-opened: Cyclical Stock Checks throughout the year (to avoid a department closure, which would impact on existing Officers and the recruitment schedule) is normal BAU for the HQ Stores – With all findings through the year fully visible and auditable. In truth, due to the increased Officer intake (as part of the Neighbourhood Pledge & beyond) we are a little behind schedule, however we will do all that we can to achieve the full-stock take by the end of March.</p>									

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
D&C Property Stores & Record Management									
4166	The Head of Criminal Justice Department to agree to escalate discussions regarding management of data within the File Property Tracking System (FPTS) so that a decision can be made regarding how to manage its decommissioning. Consideration should also be given to accelerating the disposal of illegal images and other digital records and developing a protocol for their future retention.	Head of Criminal Justice Department (DCP)	2	D&C	Overdue	30/06/2024	31/12/2024	31/08/2026	
<p>17/2/2026 Lou Price: Overdue</p> <p>Decision made that FPTS will remain under the control of evidential property (EP), as it stands there is limited capacity to decommission. A full project team would need to be stood up for a significant period to achieve any traction on this. EP dept remains focused on driving down the number of exhibits retained in FPTS.</p> <p>Regarding the accelerating of the disposal of illegal images, an internal disposal process will be enacted once the new shredder has been purchased and is in place. The current delays (backlog) of disposal are entirely due to the hard stop placed on Evidential Property after the incident with Tier 1 data – this status remains as is but there should be traction imminently to lift it by the Information Assurance team. Extension request 31/8/2026 delayed due to PPB review.</p> <p>NEW Extension requested until 31/08/2026.</p>									
D&C Custody Meals – Value For Money Review									
4931	The Custody Strategic Support Officer to agree to discuss Fresh Food for Now contract options with SWPPS and Finance to comply with force value for money guidelines.	Custody Strategic Support Officer (DCP)	2	D&C	Overdue	30/11/2024		31/03/2026	
<p>17/2/2026 Sarah Sutton: Overdue</p> <p>Due to pricing discrepancy with the supplier ongoing engagement with SWPPS has been taking place. We are now reworking the new process against our existing costs to confirm that we will be able to save money if we move to the ESPO framework. Once confirmed we can push ahead with the ITT process, we are expecting to achieve this by the end of March 2026. Extension request 31/3/2026 previously closed awaiting SWPPD contract.</p>									
D&C Risk Management Maturity									
7504	The Lead Planning and Performance Manager has agreed to ensure there is a process in place to share risk management training documents and guidance with new members of the Executive, SLT and department heads, and that members are directed to	Lead Planning and Performance Manager (DCP)	2	D&C	Overdue	31/12/2025		31/03/2026	

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
	this training at an appropriate frequency to ensure continued awareness.								
<p>06.02.26 (Phil Rigg): Overdue The risk management policy will be updated to reflect this. There are a number of changes and updates being made (such as how internal controls are recorded), so it would make sense to bundle these together. It is planned to make these changes by 31.03.26. NEW Extension requested until 31/03/2026.</p>									
<p>Alliance ICT Change Management</p>									
6417	The Alliance ICT Change Manager has agreed to define specific testing requirements for different environments and carry out impact assessments prior to the change taking place.	Alliance ICT Change Manager	2	Alliance	Overdue	31/07/2025	30/06/2026		
<p>16/2/2026 Rod Cates: Overdue We have agreed with our MSC partner – BT that we need to workshop this process area in detail and develop a remediation plan to cover any gaps. These remediation plans are being developed over the next few weeks, along with a timeline for delivery. As above this is an Applications Task which we can gatekeep. BT changes have full capture of what is agreed already and that has already been evidenced in the past by BT. They do not dictate the how and for complex changes it must have CAB sign off. ICT do not however hold teams accountable for this at point of internal approval</p>									
6419	The Alliance ICT Change Manager has agreed to ensure that regular audits to monitor adherence to the testing protocols are conducted.	Alliance ICT Change Manager	2	Alliance	Overdue	30/06/2025	30/06/2026		
<p>29 Oct 25 - Rod Cates: Overdue The new Managed Service Contract is still not delivered, with a revised go-live date for the Service Management tower scheduled for end Feb 2026. New Policy, Process and Procedures have been developed but have not yet been signed off and will not be tested until early 2026.</p>									
6256	The Alliance Change Manager has agreed to ensure that all change requests include detailed information about dependencies to mitigate the risk of unintended impacts on other systems and processes. A review process to validate the completeness and accuracy of dependency information before approving change requests for implementation should also be established.	Alliance ICT Change Manager	2	Alliance	Overdue	30/06/2025		30/06/2026	

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
<p>16/2/2026 Rod Cates: Overdue Action previously recorded as complete awaiting evidence. Likely this will now fall to SFD to support a resolution as we can only capture this verbally or in comments not as task dependencies or items that can be linked, and I was not allowed to pursue CR development after SFD was agreed. Change Request form will not support this action as it will not be used once SFD is launched. NEW Extension requested until 31/06/2026.</p>									
6260	The Alliance Change Manager has agreed to implement a strict control process where all changes must be approved by the Change Advisory Board (CAB) and evidenced before implementation. Communication and documentation should be enhanced to ensure BT has the necessary information to verify approval status before allowing changes to be submitted.	Alliance ICT Change Manager	2	Alliance	Overdue	30/06/2025	30/11/2025	31/03/2026	
<p>16 Feb 26 - Rod Cates: Overdue We have agreed with our MSC partner – BT that we need to workshop this process area in detail and develop a remediation plan to cover any gaps. These remediation plans are being developed over the next few weeks, along with a timeline for delivery. The process on approval is clear both internally within ICT and BT’s processes, unfortunately poor culture is ongoing with no accountability for those that do not follow process. Also messaging from leads into their teams is inconsistent as is support of the process. This is an ICT issue and not a BT issue. Service Now provides no platform for us to link to a new request; we have a platform that could integrate but I suspect its low on the list of being able to achieve and we are not allowed to use the project area in Service Now based on conversations to date. So, no route forwards to automate this. Becky Eley is doing this manually and as such is a single point of failure Request extended to end March 2026 to demonstrate compliance. NEW Extension requested until 31/03/2026.</p>									
6206	The Alliance ICT Change Manager has agreed to develop and implement standardised testing procedures for system changes, encompassing detailed documentation of testing activities and outcomes and ensuring that testing is identified as a key process.	Alliance ICT Change Manager	2	Alliance	Overdue	30/06/2025	30/06/2026		
<p>16/2/2026 Rod Cates: Overdue We have agreed with our MSC partner – BT that we need to workshop this process area in detail and develop a remediation plan to cover any gaps. These remediation plans are being developed over the next few weeks, along with a timeline for delivery. I did not agree to develop a standardised testing procedure; I do not think that falls within the responsibility of the Change Manager. I can enforce what is agreed but my view is the applications arm should be outlining this. BT already ask for a test plan, and it is reviewed. We still also have apps that cannot be tested which is an apps task that has not been addressed largely I suspect due to time and cost.</p>									

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
Alliance Fleet Key2 Software integration with ERP System									
6117	The Alliance Fleet Services Manager has agreed to complete a financial control review to ensure Key2/Unit4 authorisation limits, and all Fleet working practices, reflect the respective Forces' Financial Delegation Limits whilst ensuring segregation of duties; and/or pursue exemptions with the respective Chief Finance Officers.	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue Scheduled for April 2026 as part of the Key 2 scheduled export programme. Pending successful testing financial controls to be applied to Key 2 and Unit 4. This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system. NEW Extension requested until 30/04/2026.</p>									
6123	The Alliance Fleet Services Manager has agreed to ensure that the Project Team consider database maintenance (and a current reconciliation) of mutually dependant data fields in both systems to ensure data integrity; plus, consideration of mandatory/pre-defined fields in Key2.	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue Scheduled for Feb 2026 as part of the review of existing fleet data included in the Key 2 scheduled export programme. The monitoring and management of data and dashboards is part of the scheduled export programme. This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system. NEW Extension requested until 30/04/2026.</p>									
6125	The Alliance Fleet Services Manager has agreed to ensure that system audit trails are available/non-amendable in Key2 now and post go-live.	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue Scheduled for Feb 2026 as part of the review of existing fleet data included in the Key 2 scheduled export programme. The monitoring and management of data and dashboards is part of the scheduled export programme.</p>									

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
<p>This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system.</p> <p>NEW Extension requested until 30/04/2026.</p>									
6128	The Alliance Fleet Services Manager has agreed to ensure that stock management interfaces are comprehensively tested, with involvement from the Finance Team.	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue</p> <p>Scheduled for Mar 2026 as part of the testing programme with Finance included in the Key 2 scheduled export programme. Support will be provided by the Unit 4 consultant Fahan. This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system.</p> <p>NEW Extension requested until 30/04/2026.</p>									
6118	The Alliance Fleet Services Manager has agreed to ensure that all stakeholders' interface user acceptance testing criteria are completed; recorded, and issues are resolved prior to go-live; including the implications of purchase orders being amended in Unit4 but not Key2.	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue</p> <p>Scheduled for Mar 2026 as part of the testing programme with Finance included in the Key 2 scheduled export programme. Support will be provided by the Unit 4 consultant Fahan. This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system.</p> <p>NEW Extension requested until 30/04/2026.</p>									
6129	The Alliance Fleet Services Manager has agreed to ensure that a go-live/cut-over plan is in place and agreed by all stakeholders (to include data cleansing/purchase order transition/field mappings).	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue</p> <p>The Key 2 scheduled export programme includes a data cleanse and testing programme with scheduled 'Go-Live' May 2026. This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system.</p> <p>NEW Extension requested until 30/04/2026.</p>									

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	Revised Timescale	New Extension Requested	
6120	<p>The Alliance Fleet Services Manager has agreed to ensure that Key2 user groups and the permissions/users allocated to them are reviewed to ensure correct and specifically:</p> <ul style="list-style-type: none"> • Only users with purchasing job roles are granted access to create purchase orders in Key2; and • Key2 users with permission to change purchase order authorisation levels are limited and are not also allocated purchase order raising permissions as well. 	Alliance Fleet Services Manager	2	Alliance	Overdue	30/06/2025		30/04/2026	
<p>10/2/2026 Lloyd Allen: Overdue</p> <p>Scheduled for Apr 2026 following the testing programme with Finance controls will be applied to Key 2 and Unit 4.</p> <p>This action was previously part of the ERP audit actions. Decision has now been taken that this project is continuing, with data being imported from the Key2 system into the Finance ERP system.</p> <p>NEW Extension requested until 30/04/2026.</p>									

AP ID	Remediation Action	Responsible Officer	Priority	Force	Status	Original Timescale	New Extension Requested	Comments
D&C Risk Management Maturity								
7503	The Lead Planning and Performance Manager has agreed to ensure the risk appetite for the Force is determined and that a process is introduced to allow the regular review of the risk appetite to ensure it remains appropriate.	Lead Planning and Performance Manager (DCP)	2	D&C	Extension Granted	30/03/2026	30/09/2026	03.11.25 (Phil Rigg): Steady progress is being made working with the Dorset Strategic Risk Manager, although it is unlikely that this work will be completed by 31.03.26 due to competing demands inc. the Force Management Risk Register, FMS and Priority Based Budgeting. With the impending retirement of the Lead Planning & Performance Manager and the need to onboard their successor (who is currently in the process of being recruited) a more realistic completion date would be 30.09.26. Request for Extension to 30.09.2026
D&C OPCC - Ministry of Justice Victim Services Grant								
7536	The Finance & Commissioning Officer and the Commissioning & Partnerships Manager have agreed to ensure that Torbay Council or Sanctuary Supported Living provides quarterly performance updates, consistent with other victim service providers.	Finance and Commissioning Officer / Commissioning & Partnerships Manager (D&C OPCC)	2	D&C OPCC	Extension Granted	31/12/2025	31/03/2026	6/2/2026 Overdue The OPCC Commissioning and Partnerships Manager left the OPCC in December 2025 and will not be replaced following the news that PCC's will be abolished from May 2028. Meeting on 19 Feb to revisit and refresh our current grant agreement documentation and we can ensure that the requirements below are incorporated.

AGENDA NO: 14a

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 1 April 2026

FOIA OPEN

TITLE OF REPORT: DEVON AND CORNWALL 2025/26 TREASURY MANAGEMENT MID-YEAR REPORT

REPORT BY: Nicola Allen, Chief Financial Officer to the OPCC

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	Yes
Internal Audit	-
External Audit	-
Financial reporting	Yes
Other matter (please specify here)	-
Appendices (please specify the number)	4

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	Yes
Consider the Report	-
Note the report	-
Other (please specify here)	-

1.0 INTRODUCTION

- 1.1 The Treasury Management Strategy for 2025/26 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
- 1.2 The Code also recommends a report on treasury management activities at least twice a year; a mid-year, and a year-end (outturn) report, and both are reported to the Independent Audit Committee. This report sets out the performance of the

treasury management function for the period from 1 April 2025 to 30 September 2025.

1.3 Treasury management is defined as:

“The management of the Commissioner’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

1.4 Operational treasury management activity is undertaken by the Alliance finance function, supported by the treasury advisors Arlingclose Limited, under the direction of the Chief Financial Officer (Treasurer), and in accordance with the strategy and practices approved by the Commissioner.

2.0 External Context

2.1 **Economic background:** The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government’s fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

2.2 A fuller explanation of the external context, as provided by the treasury advisors, Arlingclose Limited, is provided in Appendix 4.

3.0 Investment Activity

3.1 On the 30 September 2025 treasury investments totalled £37.109m. This balance included a £3m short term investment with Aberdeen City Council which is due to mature in February 2026. The balance reported on the balance sheet is different to the treasury investments balance as it takes into account the imprest and pension accounts and discounts the seized monies balance which is owed to third parties. The resulting balance shown on the balance sheet is £33.806m. A reconciliation is provided within Appendix 1 Table 2.

3.2 Year to date treasury operational balances ranged between £1.983m and £55.081m. The period-end investment position and the year-to-date change is shown at Appendix 1 Table 2.

3.3 Both the CIPFA Code and government guidance require funds to be invested prudently with regard to security and liquidity of investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 3.4 Investments are reviewed quarterly and benchmarked against other similar organisations by Arlingclose Limited. The Quarter 2 benchmarking is provided at Appendix 1 Table 3. The internal investment return on the Devon and Cornwall balances was higher (4.14%) than the average return (4.11%) achieved by 10 Police and Fire Authorities and higher than that achieved by 132 Local Authorities (4.06%).
- 3.5 Historically, a reasonably large balance has been held in a Barclays Premium account for payments that are urgent. However, in practice this account is rarely used, as the majority of the urgent payments are covered by the daily operational balance. By reducing the historical balance, the excess will be invested in funds which have a higher interest rate such as a money market fund which is approximately 3% higher than the current interest rate associated with the Barclays Premium account. Therefore, from October the balance retained in the Barclays Premium account will reduce to £100k. This balance together with the balance held in the operational accounts is expected to be sufficient for urgent payments whilst the excess will earn more interest. The Treasury Management Strategy refers to an operational limit of £1.250m. This will remain in place as this sets a cap on the amount held in our operational bank accounts which is in line with best practice.
- 3.6 The investment approach taken to date is in line with Arlingclose's advice.

4.0 Borrowing Activity

- 4.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
- 4.2 On the 30 September 2025 the underlying need to borrow for capital purposes (CFR) was £84.883m compared to the estimate for the year of £107.611m. The current forecast is £88.814m, the difference mainly relating to slippage in the capital programme from the previous year which has impacted on the opening CFR balance, and further slippage in the current year.
- 4.3 **Short Term Borrowing:** No short-term borrowing was held on the 30 September 2025 (£0m as at 30 September 2024).

- 4.4 **Long Term Borrowing:** No new long term external borrowing had been arranged within the period 1 April 2025 to 30 September 2025. As for existing borrowing, £30.277m was arranged from PWLB between the years 2003 and 2015. The next loan to mature is £2.0m in October 2025.

Loan	Principal	Type	Maturity Date	Interest Rate	Balance as at 30 September 2025
1	£2,000,000	Maturity	05/11/2029	4.95%	£2,000,000
2	£6,200,000	Maturity	06/05/2036	4.00%	£6,200,000
3	£4,750,000	Maturity	05/05/2037	4.43%	£4,750,000
4	£2,500,000	Maturity	25/11/2030	4.45%	£2,500,000
5	£2,500,000	Maturity	18/12/2034	4.53%	£2,500,000
6	£2,000,000	Maturity	24/11/2036	4.40%	£2,000,000
7	£4,000,000	Maturity	16/12/2039	3.38%	£4,000,000
8	£1,697,070	Maturity	03/05/2029	5.00%	£1,697,070
9	£168,930	Maturity	03/05/2029	5.05%	£168,930
10	£461,600	Maturity	03/05/2029	5.00%	£461,600
11	£2,000,000	Maturity	01/10//2030	3.89%	£2,000,000
12	£2,000,000	Maturity	01/10/2025	3.68%	£2,000,000
	£30,277,600				£30,277,600

- 4.5 The internal borrowing balance on the 30 September 2025 was £46.341m.
- 4.6 The liability benchmark shown in Appendix 1 Table 4, is an indicator that compares the Commissioner's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Commissioner is likely to be a long-term borrower or long-term investor in the future, helping to shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Commissioner must hold to fund the current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

5.0 **Performance**

- 5.1 The financial performance of treasury management activities is measured both in terms of its impact on the revenue budget and its relationship to benchmark interest rates. The Arlingclose benchmarking is provided at Appendix 1 Table 3.
- 5.2 Interest income forecast for the year to the 31 March 2026 is £1.279m compared to a budgeted amount of £1.405m. This budget was calculated with reference to the Arlingclose predicted average bank base rate. For 2025/26, the rate used for the budget was 4.05%. During quarter 2, money market rates averaged 4.09%. These are expected to decrease towards the end of the year, following the path of the predicted bank base rate. The budget allowed for £8m of external borrowing to support the capital programme which would have boosted cashflow temporarily until used, increasing the interest earned. As there is slippage in the capital programme,

this external borrowing is no longer required which has impacted on the interest income forecasted.

- 5.3 In line with the investment strategy, liquid investments were diversified over a variety of providers.
- 5.4 Interest payable forecast for both short and long-term borrowing for the year to the 31 March 2026 is £1.264m compared to a budget of £1.639m. This reduction mainly relates to the slippage in the capital programme resulting in £8m of external borrowing no longer being required. Included within this forecast is interest of £1.199m which relates to long term borrowing arranged with PWLB. The interest has been calculated using fixed interest rates that were agreed at the time each loan was arranged.
- 5.5 As at 30 September 2025, all treasury activity complied with the Commissioner's Treasury Management Strategy and Investment Strategy as well as all relevant statute, guidance and accounting standards. During the quarter there were two breaches to the operational limit of £1.250m. On the 28 August 2025, a redemption of £900k from State Street Money Market Fund failed to credit the bank. There was a similar event on the 1 September 2025 but with Aberdeen Money Market Fund (£550k). In both cases, this was due to sanction checks despite trade confirmations being received. The treasury team have queried with counterparties whether early notification of these checks could be received. They have advised that sanction checks happen on the day and clients are randomly selected so early notification is not possible. The impact of these delays meant that we incurred interest charges which both counterparties have been invoiced for.

Nicola Allen
Chief Financial Officer to the OPCC

Appendices

Appendix 1 – Investment Strategy

Appendix 2 – Treasury Management Indicators

Appendix 3 – Prudential Indicators

Appendix 4 – Economic Update provided by Arlingclose Ltd

INVESTMENT STRATEGY

Appendix 1

Table 1: Investment Limits

Sector	Counterparty Limit	Sector Limit	30/09/2025
The UK Government	Unlimited	n/a	£0
Local Authorities and Other Government Entities	£6m	Unlimited	£3m
Secured Investments	£6m	Unlimited	£0
Banks (unsecured)	£3m	Unlimited	£0
Building Societies (unsecured)	£3m	£6m	£0
Registered Providers (unsecured)	£3m	£6m	£0
Money Market Funds (includes Cash Plus Funds)	£6m	Unlimited	£33.250m
Strategic Pooled Funds	£6m	£12m	£0
Operational Bank Account	£1.25m	n/a	£0.859m
Total Treasury Investments			£37.109m

INVESTMENT STRATEGY

Appendix 1

Table 2: Investment Position

	31/03/2025	30/09/2025	Movement
	Actual Portfolio £'000	Actual Portfolio £'000	£'000
External Borrowing for:			
Cashflow	(20,500)	0	20,500
Capital - Short Term	(2,000)	(2,000)	0
Capital - Long Term	(28,277)	(28,277)	0
Finance Lease	(8,409)	(8,265)	144
Total Gross External Debt	(59,186)	(38,542)	20,644
Short Term Investments	0	3,000	3,000
Cash and Cash Equivalents	20,499	30,806	10,307
Total Treasury Management*	20,499	33,806	13,307
Net Investments/(Debt)	(38,687)	(4,736)	33,951

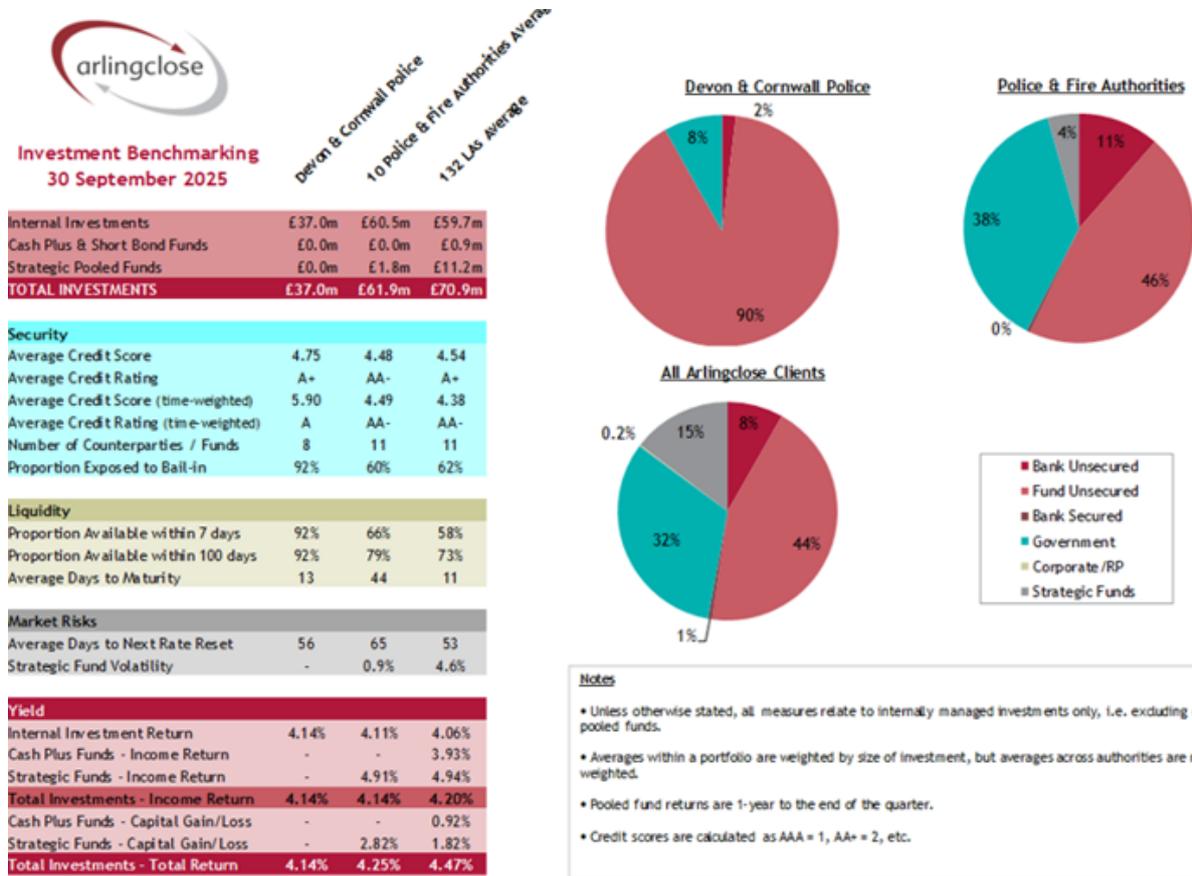
Reconciliation of the treasury management balance as shown above to the treasury investment balance shown in Table 1.

Reconciliation	£'000
Total Treasury Management*	33,806
Imprest Accounts	(31)
Seized Monies	4,114
Pension Account	(780)
Total Treasury Investments	37,109

INVESTMENT STRATEGY

Appendix 1

Table 3: Benchmarking Information



INVESTMENT STRATEGY

Appendix 1

Table 4: Liability Benchmark

	31/03/2026	30/09/2025	31/03/2026
	Estimate	Actual	Forecast
	£'000	£'000	£'000
Total Capital Financing Requirement	107,611	84,883	88,814
Less: External Borrowing	(28,277)	(30,277)	(28,277)
Less: Finance Leases	(11,364)	(8,265)	(7,766)
Borrowing	67,970	46,341	52,771
Less: Balance Sheet Resources	(19,715)	(52,812)	(61,094)
(Investments)/Borrowing	48,255	(6,471)	(8,323)
(Investments)/Borrowing	48,255	(6,471)	(8,323)
Plus: Liquidity Allowance	10,000	6,471	8,323
Total Borrowing Requirement	58,255	0	0
Net Loans Requirement (Investment less External Borrowing)	76,532	23,806	19,954
Plus: Liquidity Allowance	10,000	10,000	10,000
Liability Benchmark	86,532	33,806	29,954

TREASURY MANAGEMENT INDICATORS

Appendix 2

Table 5: Security

The Commissioner has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of the investment portfolio.

	2025/26	30/09/2025	Complied?
	Target	Actual	
Portfolio average credit rating	A+	A+	Yes

Table 6: Liquidity

The Commissioner has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected variation in the cash flow:

	2025/26	30/09/2025	Complied?
	Target	Actual*	
Minimum limit at less than 31 days duration	£6m	£34.109m	Yes

*The majority of the £34.109m is held with money markets which are very liquid in nature.

Table 7: Interest Rate Exposures

This indicator is set to control the Commissioner’s exposure to interest rate risk.

	2025/26	30/09/2025	Complied?
	Limit	Actual	
Upper limit on 1 year revenue impact of a 1% rise in interest rates	(£715k)	(£357k)	Yes
Upper limit on 1 year revenue impact of a 1% fall in interest rates	£715k	£357k	Yes

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

TREASURY MANAGEMENT INDICATORS

Appendix 2

Table 8: Maturity Structure of Borrowing

This indicator is set to control the Commissioner’s exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	2025/26		30/09/2025	Complied?
	Upper Limit	Lower Limit	Actual	
Under 12 months	100%	0%	7%	Yes
12 months and within 24 months	55%	0%	0%	Yes
24 months and within 5 years	65%	0%	29%	Yes
5 years and within 10 years	80%	0%	64%	Yes
10 years and above	100%	0%	0%	Yes

Table 9: Principal Sums Invested for Periods Longer than 365 days

The purpose of this indicator is to control the Commissioner’s exposure to the risk of incurring losses by seeking early repayment of investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Long term treasury management investments indicator	2025/26	2026/27	2027/28	No Fixed Date
Counterparty Limit on principal invested beyond year end	£6m	£5.5m	£5m	£4.5m
Actual	£0m	£0m	£0m	£0m
Complied?	Yes	Yes	Yes	Yes

Table 10: Debt Limits

	2025/26	30/09/2025	Complied?
	Estimate	Actual	
	£'000	£'000	
External Borrowing	36,277	30,277	
Building Finance Lease	11,364	8,265	
Maximum forecast cashflow deficit arising from revenue budget operations	35,000	0	
Total Operational Boundary	82,641	38,542	Yes
Additional margin for unforeseen circumstances	10,000	0	
Total Authorised Limit	92,641	38,542	Yes

Table 11: Capital Financing Requirement (CFR)

	2025/26	30/09/2025	2025/26
	Estimate	Actual	Forecast
	£'000	£'000	£'000
Opening CFR	95,981	85,277	85,277
Capital expenditure to be funded by borrowing	16,340	1,449	7,223
Less: Borrowing MRP	(3,245)	(1,344)	(2,688)
Less: Equipment Lease MRP	(80)	(40)	(80)
Less: Building Lease MRP	(1,385)	(459)	(918)
Closing CFR	107,611	84,883	88,814

Table 12: Capital Expenditure and Financing

	2025/26	30/09/2025	2025/26
	Estimate	Actual	Forecast
	£'000	£'000	£'000
Capital Expenditure	26,765	3,147	21,775
Total Expenditure	26,765	3,147	21,775
Capital Grants	0	0	0
Capital Receipts	0	0	0
Earmarked Reserves	3,758	1,041	7,112
Revenue Contribution to Capital	6,667	657	7,440
Borrowing	16,340	1,449	7,223
Total Financing	26,765	3,147	21,775

External Context

Economic background: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down % from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

Credit review: Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

AGENDA NO: 14b

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 1 April 2026

FOIA OPEN

TITLE OF REPORT: DORSET 2025/26 TREASURY MANAGEMENT MID-YEAR REPORT

REPORT BY: Julie Strange, Chief Financial Officer to the OPCC

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	Yes
Internal Audit	-
External Audit	-
Financial reporting	Yes
Other matter (please specify here)	-
Appendices (please specify the number)	4

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	Yes
Consider the Report	-
Note the report	-
Other (please specify here)	-

1.0 INTRODUCTION

- 1.1 The Treasury Management Strategy for 2025/26 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
- 1.2 The Code also recommends a report on treasury management activities at least twice a year; a mid-year, and a year-end (outturn) report, and both are reported to the Independent Audit Committee. This report sets out the performance of the

treasury management function for the period from 1 April 2025 to 30 September 2025.

1.3 Treasury management is defined as:

“The management of the Police and Crime Commissioner’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

1.4 Operational treasury management activity is undertaken by the Alliance finance function, supported by the treasury advisors Arlingclose Limited, under the direction of the Chief Financial Officer (Treasurer), and in accordance with the strategy and practices approved by the Police and Crime Commissioner (PCC).

2.0 External Context

Economic background: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

From late June, amid a UK backdrop of economic uncertainty, concerns around the government’s fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

2.1 A fuller explanation of the external context, as provided by the treasury advisors, Arlingclose Limited, is provided in Appendix 4.

3.0 Investment Activity

3.1 On the 30 September 2025 treasury investments totalled £21.591mn. This balance included a £3mn short term investment with Aberdeen City Council and another £3mn short term investment with Lancashire County Council. Both investments will mature in February 2026. The balance reported on the balance sheet is different to the treasury investments balance as it takes into account the imprest and pension accounts and discounts the seized monies balance which is owed to third parties. The resulting balance shown on the balance sheet is £21.970mn. A reconciliation is provided within Appendix 1 Table 2.

3.2 Year to date treasury operational balances ranged between £3.398mn and £27.893mn. The period-end investment position and the year-to-date change is shown at Appendix 1 Table 2.

3.3 Both the CIPFA Code and government guidance require funds to be invested prudently, and to have regard to security and liquidity of investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 3.4 Investments are reviewed quarterly and benchmarked against other similar organisations by Arlingclose Limited. The Quarter 2 benchmarking is provided at Appendix 1 Table 3. The internal investment return on the Dorset balances was higher (4.20%) than the average return (4.11%) achieved by 10 Police and Fire Authorities and higher than that achieved by 132 Local Authorities (4.06%).
- 3.5 Historically, a reasonably large balance has been held in a Lloyds Deposit account for payments that are urgent. However, in practice this account is rarely used, as the majority of the urgent payments are covered by the daily operational balance. By reducing the historical balance, the excess will be invested in funds which have a slightly higher interest rate such as a money market fund. Therefore, from October the balance retained in the Lloyds Deposit account will reduce to £100k. This balance together with the balance held in the operational accounts is expected to be sufficient for urgent payments whilst the excess will earn slightly more interest. The Treasury Management Strategy refers to an operational limit of £1.250mn. This will remain in place as this sets a cap on the amount held in our operational bank accounts which is in line with best practice.
- 3.6 The investment approach taken to date is in line with Arlingclose's advice.

4.0 Borrowing Activity

- 4.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
- 4.2 On the 30 September 2025 the underlying need to borrow for capital purposes (CFR) was £62.322mn compared to the estimate for the year of £67.988mn. The current forecast is £64.181mn, the difference mainly relating to slippage in the capital programme from the previous year which has impacted on the opening CFR balance. In addition, the PFI remeasurement as per IFRS16 was not as high as expected. This has had no impact on revenue, just the CFR.
- 4.3 **Short Term Borrowing:** No short-term borrowing was held on the 30 September 2025 (£0mn as at 30 September 2024).

4.4 **Long Term Borrowing:** No new long term external borrowing had been arranged within the period 1 April 2025 to 30 September 2025. The details of the current loans are shown in the table below:

Loan	Principal	Type	Date Loan Arranged	Loan Term	Interest Rate	Balance as at 30/09/2025
1	£2,000,000	EIP*	09/11/2022	4 years	3.99%	£750,000
2	£4,000,000	Maturity	14/12/2022	8 years	3.93%	£4,000,000
3	£2,000,000	Maturity	01/02/2023	5 years	3.96%	£2,000,000
4	£3,000,000	Maturity	09/02/2023	5 years	3.90%	£3,000,000
5	£3,000,000	Maturity	27/03/2023	6 years	3.90%	£3,000,000
6	£2,000,000	Maturity	31/03/2023	6 years	3.81%	£2,000,000
	£16,000,000					£14,750,000

*EIP – Equal instalments of principal – Each payment to PWLB includes an equal amount in respect of the loan principal borrowed.

The total interest cost over the loan term of all arrangements is £3.630mn. £1.376mn has been accounted for to date (2025/26: £42,001, 2024/25: £591,739, 2023/24: £700,415 and 2022/23: £42,001).

4.5 The internal borrowing balance held on the 30 September 2025 was £12.409mn.

4.6 The liability benchmark shown in Appendix 1 Table 4, is an indicator that compares the PCC's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the PCC is likely to be a long-term borrower or long-term investor in the future, helping to shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the PCC must hold to fund the current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

5.0 **Performance Report**

5.1 The financial performance of treasury management activities is measured both in terms of its impact on the revenue budget and its relationship to benchmark interest rates. The Arlingclose benchmarking is provided at Appendix 1 Table 3.

5.2 Interest income forecast for the year to the 31 March 2026 is £896,420 compared to a budgeted amount of £568,000. This budget was calculated with reference to the Arlingclose predicted average bank base rate. For 2025/26, the rate used for the budget was 4.05%. During the quarter 2, money market rates averaged 4.09%. These are expected to decrease towards the end of the year, following the path of the predicted bank base rate. The increase in interest income mainly relates to a difference between the assumed cashflow patterns when building the budget compared to what has been seen to date.

- 5.3 In line with the investment strategy, liquid investments were diversified over a variety of providers.
- 5.4 Interest payable forecast for both short and long-term borrowing for the year to the 31 March 2026 is £622,717 compared to a budget of £720,588. Included within this forecast is interest which relates to long term borrowing arranged with PWLB (£573,716). The interest has been calculated using fixed interest rates that were agreed at the time each loan was arranged. The interest payable forecast reflects the difference in cashflow patterns as mentioned in 5.2.
- 5.5 As at 30 September 2025, all treasury activity complied with the PCC's Treasury Management Strategy and Investment Strategy as well as all relevant statute, guidance and accounting standards. During the quarter there were two breaches to the operational limit of £1.250m. On the 12 August 2025, a breach resulted from a technical error between the PCC for Dorset and Lloyds Bank. Lloyds Bank confirmed that the portal closed whilst an investment trade was taking place, resulting in no transfer of funds to the money market fund. On 29 September 2025, a recall from Invesco Money Market Fund failed to credit the bank account. This was due to a sanction check despite the trade confirmation being received. The treasury team have queried with counterparties whether early notification of these checks could be received. They have advised that sanction checks happen on the day and clients are randomly selected so early notification is not possible. In both cases, invoices have been raised to recover the interest incurred.

Julie Strange
Chief Financial Officer for Dorset OPCC

Appendices

- Appendix 1 – Investment Strategy
- Appendix 2 – Treasury Management Indicators
- Appendix 3 – Prudential Indicators
- Appendix 4 – Economic Update provided by Arlingclose Ltd

INVESTMENT STRATEGY

Appendix 1

Table 1: Investment Limits

Sector	Counterparty Limit	Sector Limit	30/09/2025
The UK Government	Unlimited	n/a	£0
Local Authorities and Other Government Entities	£3mn	Unlimited	£6mn
Secured Investments	£3mn	Unlimited	£0
Banks (unsecured)	£1.5mn	Unlimited	£0
Building Societies (unsecured)	£1.5mn	£3mn	£0
Registered Providers (unsecured)	£1.5mn	£3mn	£0
Money Market Funds (includes Cash Plus Funds)	£3mn	Unlimited	£14.750mn
Strategic Pooled Funds	£3mn	£5mn	£0
Operational Bank Account	£1.25mn	n/a	£0.841mn
Total			£21.591mn

INVESTMENT STRATEGY

Appendix 1

Table 2: Investment Position

	31/03/2025	30/09/2025	Movement
	Actual Portfolio £'000	Actual Portfolio £'000	£'000
External Borrowing for:			
Cashflow	(17,500)	0	17,500
Capital	(15,000)	(14,750)	250
Private Finance Initiatives	(33,761)	(33,808)	(47)
Other Long Term Liabilities	(382)	(328)	54
Finance Leases and Prepayments	(756)	(1,026)	(270)
Total Gross External Debt	(67,399)	(49,912)	17,487
Short Term Investments	0	6,000	6,000
Cash and Cash Equivalents	21,118	15,970	(5,148)
Total Treasury Management*	21,118	21,970	852
Net Investments/(Debt)	(46,281)	(27,942)	18,339

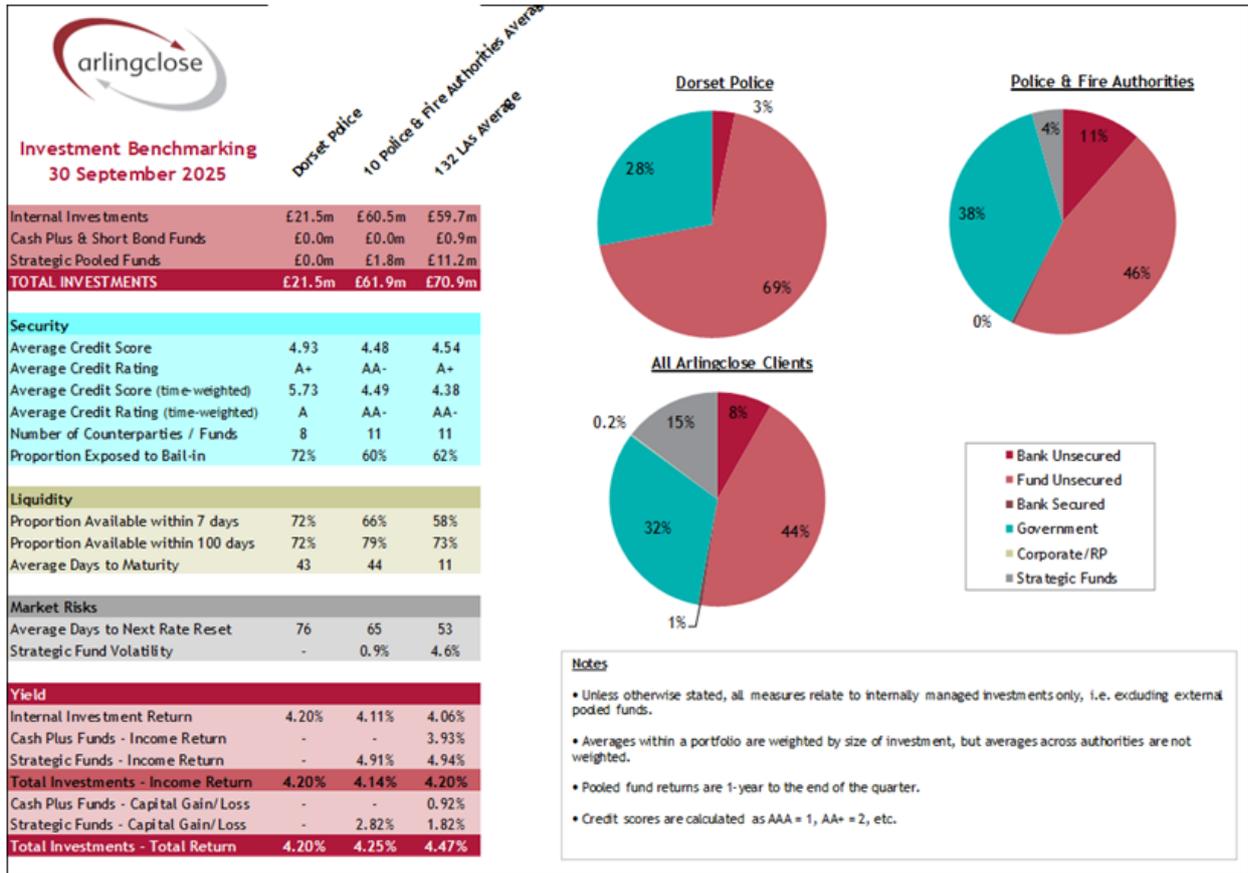
Reconciliation of the treasury management balance as shown above to the treasury investment balance shown in Table 1.

Reconciliation	£'000
Total Treasury Management*	21,970
Imprest Accounts	(59)
Seized Monies	1,136
Pension Account	(1,456)
Total Treasury Investments	21,591

INVESTMENT STRATEGY

Appendix 1

Table 3: Benchmarking Information



INVESTMENT STRATEGY

Appendix 1

Table 4: Liability Benchmark

	31/03/2026	30/09/2025	31/03/2026
	Estimate	Actual	Forecast
	£'000	£'000	£'000
Total Capital Financing Requirement	67,988	62,322	64,181
Less: PFI	(32,236)	(33,808)	(32,558)
Less: Other Long Term Liabilities	(275)	(328)	(275)
Less: External Borrowing	(14,500)	(14,750)	(14,500)
Less: Finance Leases - Equipment	(2,414)	(1,026)	(974)
Borrowing	18,563	12,410	15,874
Less: Balance Sheet Resources	(9,755)	(15,189)	(18,336)
(Investments)/Borrowing	8,808	(2,780)	(2,462)
(Investments)/Borrowing	8,808	(2,780)	(2,462)
Plus: Liquidity Allowance	10,000	2,780	2,462
Total Borrowing Requirement	18,808	0	0
Net Loans Requirement (Investment less External Borrowing)	23,308	11,970	12,038
Plus: Liquidity Allowance	10,000	10,000	10,000
Liability Benchmark	33,308	21,970	22,038

TREASURY MANAGEMENT INDICATORS

Appendix 2

Table 5: Security

The PCC has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of the investment portfolio.

	2025/26	30/09/2025	Complied?
	Target	Actual	
Portfolio average credit rating	A+	A+	Yes

Table 6: Liquidity

The PCC has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected variation in the cash flow:

	2025/26	30/09/2025	Complied?
	Target	Actual*	
Minimum limit at less than 31 days duration	£3mn	£15.591mn	Yes

* The majority of the £15.591mn is mainly held with money markets which are very liquid in nature.

Table 7: Interest Rate Exposures

This indicator is set to control the PCC's exposure to interest rate risk.

	2025/26	30/09/2025	Complied?
	Limit	Actual	
Upper limit on 1 year revenue impact of a 1% rise in interest rates	(£275k)	(£190k)	Yes
Upper limit on 1 year revenue impact of a 1% fall in interest rates	£275k	£190k	Yes

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

TREASURY MANAGEMENT INDICATORS

Appendix 2

Table 8: Maturity Structure of Borrowing

This indicator is set to control the PCC’s exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	2025/26		30/09/2025	Complied?
	Upper Limit	Lower Limit	Actual	
Under 12 months	100%	0%	1%	Yes
12 months and within 24 months	55%	0%	3%	Yes
24 months and within 5 years	65%	0%	33%	Yes
5 years and within 10 years	80%	0%	63%	Yes
10 years and above	100%	0%	0%	Yes

Table 9: Principal Sums Invested for Periods Longer than 365 days

The purpose of this indicator is to control the PCC’s exposure to the risk of incurring losses by seeking early repayment of investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Long term treasury management investments indicator	2025/26	2026/27	2027/28	No Fixed Date
Counterparty Limit on principal invested beyond year end	£3mn	£2.5mn	£2mn	£3mn
Actual	£0mn	£0mn	£0mn	£0mn
Complied?	Yes	Yes	Yes	Yes

PRDENTIAL INDICATORS

Appendix 3

Table 10: Debt Limits

	2025/26	30/09/2025	Complied?
	Estimate	Actual	
	£'000	£'000	
External Borrowing	18,500	14,750	
Private Finance Initiatives	32,236	33,808	
Other Long Term Liabilities	275	328	
Finance Leases - Building and Equipment	2,414	1,026	
Maximum forecast cashflow deficit arising from revenue budget operations	30,000	0	
Total Operational Boundary	83,425	49,912	Yes
Additional margin for unforeseen circumstances	5,000	0	
Total Authorised Limit	88,425	49,912	Yes

Table 11: Capital Financing Requirement (CFR)

	2025/26	30/09/2025	2025/26
	Estimate	Actual	Forecast
	£'000	£'000	£'000
Opening CFR	67,784	62,744	62,744
Capital expenditure to be funded by borrowing	4,512	55	3,689
Capital expenditure to be funded by PFI	1,394	697	1,394
Less: Borrowing MRP	(1,358)	(419)	(838)
Less: PFI MRP	(3,904)	(649)	(2,597)
Less: Other Long Term MRP	(107)	(54)	(107)
Less: Equipment Lease MRP	(26)	(13)	(26)
Less: Building Lease MRP	(307)	(39)	(78)
Closing CFR	67,988	62,322	64,181

PRDENTIAL INDICATORS

Appendix 3

Table 12: Capital Expenditure and Financing

	2025/26	30/09/2025	2025/26
	Estimate	Actuals	Forecast
	£'000	£'000	£'000
Capital Expenditure	9,475	525	9,852
Total Expenditure	9,475	525	9,852
Capital Grants	0	87	474
Capital Receipts	0	0	0
Earmarked Reserves	0	0	813
Revenue Contribution to Capital	4,963	382	4,877
Borrowing	4,512	55	3,689
Total Financing	9,475	525	9,852

External Context

Economic background: The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

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Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial markets: After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

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Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

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