



**OFFICE OF THE NORTHAMPTONSHIRE POLICE, FIRE AND CRIME
COMMISSIONER
&
NORTHAMPTONSHIRE POLICE
&
NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY**

JOINT INDEPENDENT AUDIT COMMITTEE

**4th March 2026
10:00-13:00**

**Microsoft Teams virtual meeting
Mountford Room Darby House**

If you should have any queries in respect of this agenda, or would like to join the meeting please contact:

Kate.Osborne@northantspfcc.gov.uk

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

Further details regarding the process for asking questions or making an address to the Committee are set out at the end of this agenda notice

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Public Meeting of the Joint Independent Audit Committee				Time
1	Welcome and Apologies for non- attendance			10:00
2	Declarations of Interests			10:05
3 (pg5)	Meetings and Action log 3 rd December	Chair	Reports	10:10
4 (pg13)	Internal Auditor Reports	Mazars	Report	10:20
5 (pg29) (pg54)	Internal Audit plans 2026/27 a. PFCC and CC b. NCFRA	Mazars	Report	10:35
6	External Audit update	Grant Thornton	Report	10:50
7 (pg76)	Audit implementation update of internal audit recommendations PFCC and CC	PB / RBal	Report	11:05
8 (pg84)	HMICFRS update – CC	PB/ RBal	Report	11:20
9 (pg88) (pg112)	Treasury Management Strategy a. PFCC and CC b. NCFRA	NA	Report	11:35
10	PCC 28 – updates for members	VA	Verbal	11:50
11 (pg137)	Agenda Plan	VA	Report	12:00
12	AOB	Chair	Verbal	12:10
13	Confidential items – any	Chair	Verbal	
	Resolution to exclude the public	Chair	Verbal	
	Items for which the public be excluded from the meeting: In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: <i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i>			
14 (pg 140)	NCFRA Risk Register	RBer / JO	Report	12:20
	Future Meetings held in public 10am-13.00pm: - 4 th March 2026 - 1 st July 2026 - 7 th October 2026 Proposed workshop dates: - 25 th February – Governance structures			

Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Kate Osborne
Office of the Police, Fire and Crime Commissioner
Darby House, Darby Close, Park Farm Industrial Estate, Wellingborough. NN8
6GS

or by email to:

kate.osborne@northantspfcc.gov.uk

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

iv. Asking the question or making the address at the meeting

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

v. The Chair and Members of the Committee are:

Mrs A Battom (Chair of the Committee)

Mr J Holman

Mrs E Watson

Ms A Bruce

Mrs A Vujcich

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Agenda Item : 3

Joint Independent Audit Committee (JIAC) ACTION LOG – 3rd December 2025

Attendees: Members: Ann Battom JIAC Chair (AB); Alicia Bruce (ABr), John Holman (JH), Edith Watson (EW); Alexandra Vujcich (AV)

Vaughan Ashcroft – Chief Finance Officer OPFCC and NCFRA (VA), Paul Bullen - Assistant Chief Officer Enabling Services (PB); Kate Osborne Project Support Officer OPFCC (KO); Sam Ashby-Clark – Head of Finance (SAC);

Richard Baldwin (RB) – attended for Item 12 – CC Risk Register

Internal Audit – Mazars – Sarah Knowles (SK) Alexander Campbell (AC);

External Audit – Grant Thornton – Laurelin Griffiths (LG); William Howard (WH)

Agenda	Issue	Actions	Comments/ actions
1	Welcome and apologies		Apologies – Nick Alexander – Chief Finance Officer CC (NA); Phil Pells (PP); Ro Cutler (RC); Jonny Bugg OPFCC CEO (JB); Lisa Jackson – Business Services Area Manager (LJ); Julie Oliver – Risk and Business Planning Manager (JO); Don Crook – NFRS Assurance Manager (DC);
2	Declarations of Interests		None
3	Meeting Log and Actions – 1 st October 2025	ACTION – discussion around JIAC dates – AB, VA, KO	<ol style="list-style-type: none"> 1. All happy to approve and sign off minutes 2. Amendment to page 3 – point 9 – “why not” 3. Action SK – complete 4. Pg 9 – Action PB – yes completed through Risk Audit Assurance Board 5. Pg 9 – Action KO – February workshop organised 6. Pg 10 – Action KO – complete. Further discussion required around scheduling of JIAC meetings to fit in with governance meeting timetable. ACTION KO, VA and AB 7. Pg 12 – Action PB – yes is now on the risk register

4	Internal Auditor reports Mazars		<ol style="list-style-type: none"> 1. Progress report setting out progress since last meeting 2. Summary page 15 – issued 4 final reports – summaries included and detail in appendixes 3. Limited assurance – accreditation and one high priority has been raised – action plan in place to address risks identified 4. Other three – one substantial and two moderate. 5. Wider plan – two piece in field work, one ToR issued 6. Couple of changes to plan since last meeting – page 21 – fire plan. Remove grievance policy piece. Replace with disciplinary processes and management. 7. On police side will probably postpone wellbeing and replace with FOI and SAR items. 8. Questions – 9. AB are they actually going into next years plan? – SK wellbeing will go into next years plan. Disciplinary will be done this year as it is replacing the grievance. – currently April due to resourcing – but may move. PB requesting FOI as priority. 10. AB – end of Q3 44% done – similar to previous years but still seems low. But it looks positive.
5	<p>External Auditor Update</p> <p>A PFCC and CC</p> <p>B. NCFRA</p>		<ol style="list-style-type: none"> 1. Annual reports first 2. Works we do on arrangements to ensure value for money 3. High level review across key areas. 4. Both police and fire there was nothing from high level risk assessment causing concerns. Positive but there are some improvement recommendations (no weakness identified but “something you might want to think about addressing”) 5. Caveat in police report – because these wont be finalised until audit is complete, these are continually assessed. 6. Recent ruling regarding current chief constable and potential impacts were discussed 7. Questions – what will recent events do to timeframes, what is the impact on workloads? LG – little too soon to know – commissioner has requested reviews and so we will wait until some findings from these reviews have been found to avoid duplication. 8. VA – there are two reviews – they will take a number of months. 9. PB – gold groups running weekly to keep track of the progress of these reviews. Likely around Easter before we conclude.

		<p>ACTION – PB and VA share estates strategy</p>	<p>10. ABr – implications on the accounts? – LG – minimal. The issue will be that the code of practise has changed for this year so delays in this might cause delays in signing the audit opinion.</p> <p>11. AB – interested in JIAC being included in this process? LG– until we know chain of events it is difficult to know.</p> <p>12. AB – pg 51 and 52 – Joint Estates strategy – changing strategy – timeframe – PB ought to be drafted by Christmas. Fleet audit – joint asset strategy – plan by end of calendar year and then through governance after that.</p> <p>13. ACTION – VA and PB to share with JIAC members MARCH JIAC</p> <p>14. AB – pg 144 – follow up for 2023/24 improvement recommendations – could get see slide 17 – should be slide 16 – saving conditions. (129 of pack). PB – fire perspective – strategic finance group that is looking at these issues. Including long term savings.</p> <p>1. Interim Audit Fundings</p> <p>2. WH – starts at 65 in report pack. Interim for work completed (up to 19th November)</p> <p>3. Talked through headline pages – 3 adjustments from financial statements.</p> <p>4. Several misstatements identified. Have not received final accounts to confirm these have been identified</p> <p>5. Recommendations report will continue. Based on work completed so far.</p> <p>6. Testing on journals has been completed</p> <p>7. Regaining assurance work – fee agreed with managements and work is underway. Enable clean financial opinions from 25/26</p> <p>8. Current position is at it was but more progress been made in all areas. VfM – will have to build in contempt of court case.</p> <p>9. Questions</p> <p>10. AB – mention about IFS16 – work ongoing? Has that finished? – VA – yes believe conversations have finished. New area for accounts and audit teams but at point where it wont have material impact – more about tidying up.</p> <p>11. AB – audit adjustments – were not in accounts workshop – new ones will have all adjustments in</p> <p>12. AB – immaterial accounting policies (pg 100) – “a number of immaterial accounting polices, should be removed” – will they be removed? – VA – are they in accounting</p>
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		<p>ACTION – SAC – check status of accounting policies</p>	<p>policies – think they are being removed. ACTION - SAC – if there is a list will check with team. VA things not planning to change are where we have across three sets we were trying to be consistent with note numbering. – might meant there are references in police accounts to PFCC accounts. – ease for reader.</p> <p>13. LG – tweak to working might be preferred .</p> <p>14. AB – follow ups – things that you made in 2023/24 but are still there again – “they have not been addressed” – will they ever be addressed? – VA – ongoing is the limited management staff to authorise. Now this can be addressed as there is management structure in place to offer resilience.</p> <p>15. AB – end of year accruals? – SAC – changed the files to look at reviewing accruals so process is being improved.</p> <p>16. AB – fees have been agreed. Has this budgeted for? – VA – yes</p>
6	<p>Audit implementation update and internal audit recommendations NCFRA</p>		<p>1. Some of the earlier audits – particularly around DDaT have revised dates due to – new implementation of IT service tool. Date extended to ensure it works</p> <p>2. Revised due dates around the Multi-factor authentication. Finally signed of at SLT recently – issue device to those that require to access remotely.</p> <p>3. Q – AV – AB asked if this is a good way forward – AV – yes as personal devices are a minefield – is there an asset management for this? PB – yes it is bolted into IT management service. PB – also be monitoring (external) to keep an eye on this.</p> <p>4. AB – must costs money? – VA being factored into capital programme (£90K and £3k per year) – PB – benefits out-weigh costs.</p> <p>5. AB – will they need upgrading – yes VA 3 or 4 year replacement cycle.</p> <p>6. PB – asset management movement due to structure changes – but it has taken far to long for these revised structures to be signed off hence changes in these dates.</p> <p>7. Questions</p> <p>8. AB – amber status – due dates – not just being pushed out because work not done or lack of resources. PB</p> <p>9. AV – general questions – there are quite a few in here that have been delayed ref. procurement – is that being fed in terms of procurement processes delaying significant audit actions – how do we mitigate risk? – PB – fair to say two sides to the story – some of it is the procurement information requirement – there is new governance processes in place to monitor this.</p>

		ACTION – VA – provide email update on payroll recommendation	<ol style="list-style-type: none"> 10. JH – new procurement laws – feedback is that it is just protracting the whole process – PB yes agree. 11. AB – how much outside procurement can you award? – are there a financial limit to those? – PB – probably er on the side of not doing that, but there are things that break this process. 12. ABR – impact of no chief digital officer – does this pose risk ? – PB – no, direct reports have areas covered and knowledge to support. 13. AB – is there police government framework for certain things – PB have created some of them from a police perspective. 14. AB – payroll – RED – why? – it is done – timings are just off. 15. AB p166 – RED – a lot of work ongoing - VA – it is moving towards completing – DATE to be updated. ACTION – VA to provide email update on this. 16. AB – fleet management – end of March – it is on track – PB – yes on track (p173). 17. JH – vehicles purchased or leased? – PB – virtually all purchased rather than leased.
7	HMICFRS update – NCFRA		<ol style="list-style-type: none"> 1. PB – when last met cause for concern was removed 2. Equality diversity inclusion 3. 4 of 5 areas they were happy with progress made 4. 1 area – positive action – they acknowledge that work was being made but left as areas for improvement 5. Expecting round four inspection Easter – will know summertime about how well things have moved on 6. Focus – governance 7. Look at disciplinary management stuff. 8. Appendix – RAG rating about there the service things they are at current time – seems positive – 1 or two areas made amber – hedging bets. 9. Questions – 10. AB – generally positive report – p177 – 4 current areas identified risk – when is next continuous improvement board ? – PB every month. 11. JH – appendix 1 p178 – number 9 – make sure workforce are effective? – how do you know that? – PB – doing some activity analysis at the moment. What is being done on a daily basis. Look at how much prevention and protection activity is being done? Feed into community risk management plan – multitude of things 12. JH – outcomes of that – how do you measure it?

8	Policing – Fraud and Corruption; controls and processes		<ol style="list-style-type: none"> 1. SAC presenting 2. In 2024 the NFI work done – taken up by many public bodies and cross reference the data 3. Nothing was flagged 4. 6 cases of employees where in receipt of two or more pensions – these have been reviewed 5. A questions were flagged on some supplier records – all work checked and came back fine – nothing untoward 6. That is a two year activity – another assessment in 2026 but is a long process 7. 2 notable events – former CC been charged with fraud and misconduct – any conclusion? PB in court next week? – important to note not financial fraud 8. 6.3 – keyboard jamming. Active and being investigated. 9. Questions 10. AB – is there any major changes from previously – SAC – not aware of at the moment – might be some changes as a result of current ongoing 11. VA – consistent reports from audit. 12. AB – 401 – that’s quite a lot of officer time to investigate. Is there anything that can be done in advance that would preclude this? – SAC – quite possibly but wouldn’t get rid of them popping up. VA – some things naturally get flagged. E.g. similar costs being repeated. 13. AB – notable events – 6.3 – quite a lot – presumably we can cover that amount? Is there something in process that needs to change. VA – this is not money being spent this is time people were falsely claiming to have been working. 14. AB – what is your experience of key jamming? – AV – there are a few people who take advantage
9	Agenda plan		<ol style="list-style-type: none"> 1. AV – cannot make July date 2. Add PCC 28 onto agenda to keep JIAC members updated.
10	AOB	ACTION – add to agenda	<p>JIAC recruitment in 2026</p> <p>PCC28 – AB – thoughts and implications? – VA – awaiting for more details – there will be a white paper.</p> <p>ACTION – pcc 28 to be kept as running agenda item. AB – any new information can member be kept informed.</p>

12	CC Risk register		<ol style="list-style-type: none"> 1. RB presented 2. Things that have changed highlighted – 3. 2 new risks since report circulated. 1. FOI and SAR – contempt of court. 2. Response officer teams and numbers of response officers (23% below) – impact on work and wellbeing. 4. FOI is high, officer – Critical 5. EW – what is cause – PB - combination of attrition and targeted recruitment 6. PB offered reassurance that there is whole piece of work about demand. Lots of work around recruitment and retention – it is a national issue. 7. RB – talked through changes in ratings of some risks. 8. AB asked if the recent announcement about Jury trials would impact any of the risks? – PB – was only yesterday – no consideration has been given to this yet. 9. Spoke through other 5 other new risks – 1. Investigative capacity SOLAR, 2. Safe Search monitoring – custody procedures following death of officer in London – subsequently closed as actions taken., 3. ICCS DCS – technical problems – ongoing work to resolve. 4. Government emissions target – 2030 – supported by sustainability strategy 5. Uncertified body amour – supplier failed to renew certification with HO. 10. Five risks closed since last JIAC 11. Questions 12. JH – access control – actions now closed? But risk remains open. Which remains open – PB – 2 and 3 are ongoing. JH – risk is around the estate when is that going to be resolved. – RB – two pieces of work ongoing. – contract extension until new system in place. JH – has risk gone down due to mitigation. PB – no not reduced from critical YET. 13. JH – what would happen if it does break? What plans are in place? – PB – there are business continuity plans in place 14. AV – procurement – this risk has been Nov 2024 – is this not a prime example to look at faster way of procurement? – PB – that’s a fair suggestion. VA -issue is the value of the contract. 15. AB – at what point is the risk too big?! 16. AB – we have said no risks have decreased? So is mitigation not working? – RB yes (the ones that are closed) but some are long term risks. PB had asked for all risks to be reviewed to ensure they a releveled where they should be. They are reviewed regularly but some don’t change. 17. Generator at estates – parking vs generator for backup – to review. <ol style="list-style-type: none"> 15. AB – assurance risk s are being reviewed and if there is a risk then someone needs to accept the risk. 16. AB – need to be assured the conversations are happening and this needs to be evidenced.
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		ACTION – PB/ RB – members would like update before March JIAC	17. ACTION – would like update before March JIAC – around risk register update please 😊
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Office of the Police, Fire & Crime Commissioner for Northamptonshire,
Northamptonshire Commissioner Fire & Rescue Authority and Northamptonshire
Police

Internal Audit Progress Report

Joint Independent Audit Committee – 04 March 2026

Date Prepared: February 2026

Contents

- 01** Snapshot of Internal Audit Activity
- 02** Latest Reports Issued – Summary of Findings
- 03** Overview of Internal Audit Plan 2025/26
- 04** Overview of Collaboration Plan 2025/26
- 05** Key Performance Indicators 2025/26
- 06** Definitions of Assurance Levels and Recommendation Priority Levels
- A1** Latest Reports Issued – Detailed Findings
- A2** Thought Leadership and Sector Reporting

Disclaimer

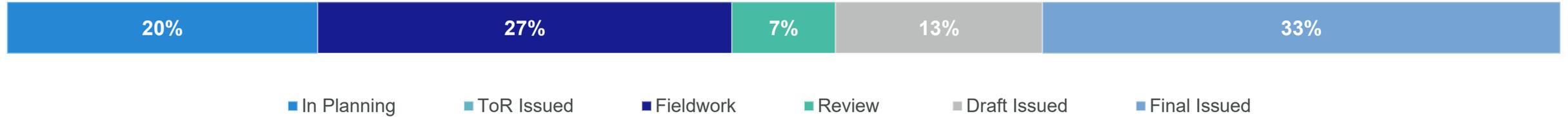
This report (“Report”) was prepared by Forvis Mazars LLP at the request of the Office of the Police , Fire & Crime Commissioner (“OPFCC”) for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority (“NCFRA”) and Northamptonshire Police (“Force”) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of OPFCC, NCFRA and Force and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.



01. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2025/26 Internal Audit Plan (Plan).





JIAC actions needed

- Note the progress being reported and consider final reports included separately in the Appendix 1.

RAG status of delivery of plan to timetable

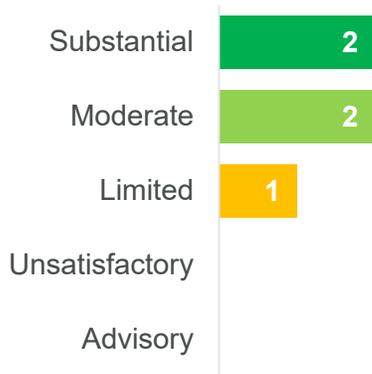
On Track

Key Updates

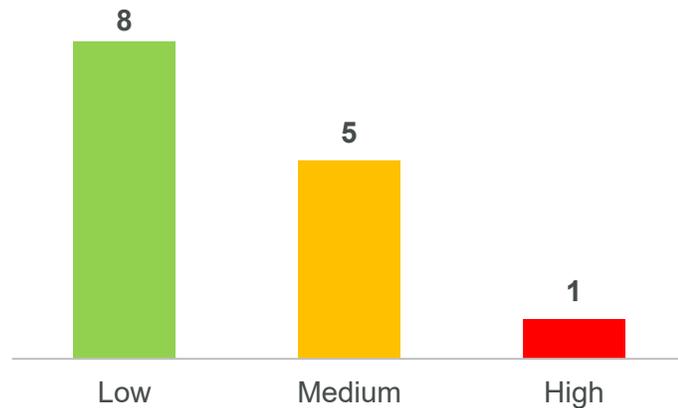
Since the last update provided to the committee, we have issued the final report for the Control Room / First Contact audit. The draft report has been issued for the NCFRA Prevention and Joint Core Financials audits. Fieldwork has concluded for the FOI/SAR audit and is ongoing for the IT - Legacy Systems, Digital Forensics, Joint IT - Cyber Security and NCFRA Workforce Plan audits. We continue to plan and scope the remainder of the 2025/26 audit plan. An overview of the Internal Audit Plan can be found in **Section 3**.

Since the last update provided to the committee, we have issued the draft report for the ESMOU POCA Income audit and we have issued the ToR for the EMSOU Forensics Accreditation audit. An overview of the Collaboration Audit Plan can be found in **Section 4**.

Assurance opinions to date



Recommendations to date



02. Latest Reports Issued – Summary of Findings

Control Room / First Contact 2025/26

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for Control Room & First Contact (FCR).

Audit rationale

Why the Audit is in Your 2025/26 Plan	Your Strategic Risk	Your Strategic Objective
The Force's previous PEEL inspection included a "Requires Improvement" grade for Responding to Public. This was broadly due to delays in taking calls and delays in attending calls. Additional concerns were raised regarding a high abandonment rate for 101 calls and delays in updating callers and victims of crime.	CRR0069 – Grade 1 Incident Volume.	Effective and Efficient Response.

Summary of our opinion

<div style="background-color: green; color: white; padding: 10px; text-align: center;"> Substantial Opinion See Appendix A1 for definitions </div>	Summary of Recommendations	
	High (Priority 1)	-
	Medium (Priority 2)	-
X	Low (Priority 3)	-

Actions agreed by you	N/A
High Priority completion	N/A
Overall completion	N/A

Summary of findings

Examples of good practice

- ✓ The Force has put in place initiatives, such as live chat and callbacks, to reduce demand on its services.
- ✓ From our review of the last three quarterly reports we confirmed that the Force performs quality assurance for a sample of incidents reported to the FCR and discusses the results with the FCR team.
- ✓ The Force has put in place initiatives, such as neighbourhood policing and OP Alloy¹, to reduce the need for deployment of officers and improve response to the public.
- ✓ From review of agendas, meeting minutes and performance packs, we confirmed that the Force reports FCR performance bimonthly to the FCR and Custody Senior Leadership Team (SLT).
- ✓ For a sample of 10 incidents we confirmed a THRIVE² risk assessment was completed.
- ✓ The Force has a Crime Safety Advice Crib sheet which call handlers can use to provide general advice, where relevant.

¹ OP Alloy provides the provision of at least one mental health trained nurse within the FCR.

² THRIVE is a risk assessment model used by police forces in the UK to evaluate and prioritise incidents and stands for Threat, Harm, Risk, Investigation, Vulnerability, Engagement.

03. Overview of Internal Audit Plan 2025/26

The table below lists the status of all reviews within the 2025/26 Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
Office of the Police, Fire & Crime Commissioner for Northamptonshire and Northamptonshire Police											
Accreditation Management	15	15	Final	Q1	27-May-25	Dec-25	Limited	4	1	1	2
Seized Property	10	10	Final	Q2	26-Aug-25	Dec-25	Substantial	2	-	-	2
IT - Legacy Systems	10	10	Fieldwork	Q3	24-Nov-25			-	-	-	-
Control Room / First Contact	10	10	Final	Q3	08-Dec-25	Mar-26	Substantial	-	-	-	-
FOI / SAR	10	10	In Review	Q4	12-Jan-26			-	-	-	-
Digital Forensics	10	10	Fieldwork	Q4	22-Jan-26			-	-	-	-
Misconduct Hearings	10	10	Planning	Q3	08-Apr-26			-	-	-	-
Joint Audits											
Fleet Management	14	14	Final	Q1	02-Jun-25	Dec-25	Moderate	4	-	2	2
Core Financials	30	20	Draft	Q2	25-Nov-25			-	-	-	-
IT - Cyber Security	20	20	Fieldwork	Q4	12-Jan-26			-	-	-	-
Totals	139	129					Totals	10	1	3	6

03. Overview of Internal Audit Plan 2025/26 (Cont.)

The table below lists the status of all reviews within the 2025/26 Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
Northamptonshire Commissioner Fire & Rescue Authority											
Data Quality & Management Information	10	10	Final	Q1	29-Jul-25	Dec-25	Moderate	4	-	2	2
Prevention	10	10	Draft	Q3	10-Nov-25			-	-	-	-
Grievance Policy	10	0	Audit replaced with Disciplinary Process & Management								
Workforce Plan	10	10	Fieldwork	Q2	26-Jan-26			-	-	-	-
Disciplinary Process & Management	0	10	Planning	-	07-Apr-26						
Specialist - Your Future Service	10	0	Audit replaced with Project Management								
Project Management	0	10	Planning	Q4	20-Apr-26			-	-	-	-
Totals	50	50					Totals	4	-	2	2

04. Overview of Collaboration Plan 2025/26

The table below lists the status of all reviews within the 2025/26 Collaboration Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
EMSOU POCA Income	10	10	Draft	Q2	18-Sep-25			-	-	-	-
EMSOU Forensics Accreditation	10	10	ToR Issued	Q3	09-Mar-26			-	-	-	-
Totals	20	20					Totals	-	-	-	-

05. Key Performance Indicators 2025/26

We monitor key areas of performance and delivery in line with the KPIs/Service Levels set out in our contract with the Office of the Police, Fire & Crime Commissioner for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority and Northamptonshire Police. Latest summary figures have been set out below:

KPI	KPI/SLA description	Criteria	Previous Score
1	Annual report provided to the JIAC	As agreed with the Client Officer	July 2025
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	March 2025
3	Progress report to the JIAC	7 working days prior to meeting	Achieved
4	Issue of draft report	Within 10 working days of completion of exit meeting	86% (6 / 7)
5	Issue of final report	Within 5 working days of agreement of responses	100% (5 / 5)
6	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork	58% (7 / 12)
7	Customer satisfaction (measured by survey) "Overall evaluation of the delivery, quality and usefulness of the audit" Very Good, Good, Satisfactory, Poor or Very Poor	85% average with Satisfactory response or above	100% (1 / 1)

05. Key Performance Indicators 2025/26 (Cont.)

Review	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Received Comments (15)	Final Report Issued	Time Taken to Issue Final Report (5)
Office of the Police, Fire and Crime Commissioner for Northamptonshire and Northamptonshire Police										
Accreditation Management	16-May-25	27-May-25	6	01-Aug-25	11-Sep-25	18	20-Nov-25	50	21-Nov-25	0
Seized Property	17-Jul-25	26-Aug-25	27	09-Sep-25	30-Sep-25	9	16-Oct-25	12	24-Oct-25	3
IT - Legacy Systems	21-Oct-25	24-Nov-25	24							
Control Room / First Contact	21-Nov-25	08-Dec-25	11	29-Jan-26	30-Jan-26	0	17-Feb-26	12	17-Feb-26	0
FOI / SAR	17-Dec-25	12-Jan-26	15							
Digital Forensics	12-Jan-26	22-Jan-26	8							
Misconduct Hearings		08-Apr-26								
Joint Audits										
Fleet Management	16-May-25	02-Jun-25	10	08-Sep-25	30-Sep-25	10	23-Oct-25	17	30-Oct-25	3
Core Financials	30-Oct-25	10-Nov-25	18	02-Jan-26	16-Jan-26	6				
IT - Cyber Governance	21-Oct-25	12-Jan-26	56							

05. Key Performance Indicators 2025/26 (Cont.)

Review	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Received Comments (15)	Final Report Issued	Time Taken to Issue Final Report (5)
Northamptonshire Commissioner Fire & Rescue Authority										
Data Quality & Management Information	17-Jul-25	29-Jul-25	8	27-Oct-25	30-Oct-25	3	12-Nov-25	9	21-Nov-25	4
Prevention	04-Nov-25	10-Nov-25	4	18-Dec-25	14-Jan-26	6				
Grievance Policy	Audit replaced with Disciplinary Process & Management									
Workforce Plan	13-Jan-26	26-Jan-26	9							
Disciplinary Process & Management		07-Apr-26								
Specialist - Your Future Service		20-Apr-26								

06. Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.



Latest Reports Issued – Detailed Findings

Control Room / First Contact 2025/26

We have identified no areas where there is scope to improve the control environment.

Thought Leadership and Sector Reporting



Local government is operating in one of the most challenging environments in decades. Financial pressures, structural reforms, rising service demands, and technological disruption have converged to create unprecedented complexity. Added to this the surge in temporary accommodation costs, SEND deficits, and the rapid adoption of AI - all of which are making the risk landscape evolve faster than ever.

Internal audit must step up as a strategic partner instead of just a compliance checkpoint. That means embedding foresight into governance, providing real-time assurance during transformation, and using data analytics to spot early warning signs.

Find out more and read our report by following the link - [Annual Local Government Risk Report 2026 - Forvis Mazars](#)

Forvis Mazars

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Statement of Responsibility

We take responsibility to the Office of the Police, Fire and Crime Commissioner (“OPFCC”) for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority (“NCFRA”) and Northamptonshire Police (“Force”) for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management’s responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Office of the Police, Fire & Crime Commissioner for Northamptonshire and
Northamptonshire Police
Joint Independent Audit Committee – 04 03 2026
Internal Audit Strategy Update – DRAFT Operational Plan 2026/27 and Charter

Date Prepared: February 2026

- 01** Introduction
- 02** Internal Audit Operational Plan 2026/27
- 03** Updated Internal Audit Strategy 2026/27 – 2027/28
- 04** Definitions of Assurance Opinions and Recommendations
- 05** Internal Audit Charter

Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of the Office of the Police, Fire & Crime Commissioner for Northamptonshire (“OPFCC”) and Northamptonshire Police (“Force”) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the OPFCC and Force and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

Section 01

Introduction

Introduction

The Internal Audit Strategy (the Strategy) is used to direct Internal Audit resources to those aspects of the organisation that are assessed as generating the greatest risk to the achievement of its objectives. This is subject to review and update on at least an annual basis to ensure it meets the needs of the Office of the Police, Fire & Crime Commissioner for Northamptonshire (OPFCC) and Northamptonshire Police (Force) , including taking account of any areas of new and emerging risk within the Risk Register. The purpose of this document is to provide the Joint Independent Audit Committee with a further update of the Strategy and the proposed 2026/27 Internal Audit Plan (the Plan) for consideration.

In considering the document, the Joint Independent Audit Committee is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether key areas have been captured that would be expected; and
- whether there are any significant gaps.

We have set out how the 2026/27 Plan was prepared in **Section 02**. This section also sets out the proposed Plan along with a proposed high-level scope for each review.

The updated Internal Audit Strategy for 2026/27 to 2027/28 is set out in **Section 03**.

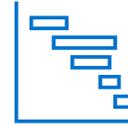
In addition, we are also asking for consideration from the Joint Independent Audit Committee for the Internal Audit Charter in **Section 05**, which we request on an annual basis.

Scope and Purpose of Internal Audit



IA's Role

The purpose of internal audit is to provide the Police, Fire & Crime Commissioner and Chief Constable, through the Joint Independent Audit Committee, and management, with an independent and objective conclusion on risk management, control and governance and their effectiveness in achieving the OPFCC and Force's agreed objectives.



IA Plan

Completion of the internal audits proposed in the 2026/27 Plan should be used to help inform the OPFCC and Force's statement on the effectiveness of internal control within its annual report and accounts



Objective

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control



Charter

We have included our Internal Audit Charter in **Section 05**. The Charter sets out terms of reference and serves as a basis for the governance of the OPFCC and Force's IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Global Internal Audit Standards (GIAS).

Vision: To provide high-quality internal audit that responds to our customers’ needs. To seek to innovate and to provide insight to our customers through leveraging our expertise.

Objectives and Measures



Objective 1: To be a responsive internal audit service that considers your key risks.

- | | |
|--|--|
| <ul style="list-style-type: none"> • We will keep the Plan under continual review to respond to emerging risks and priorities, as appropriate. • We will respond to all mutually agreed changes to the Plan. • We will adopt a risk-based approach to planning internal audit coverage and engagements. | <ul style="list-style-type: none"> • Plan delivered has reflected mutually agreed changes. • Risk-based internal audit methodology has been applied. • Ensuring adequate resourcing to deliver audit plan |
|--|--|



Objective 2: To deliver a high-quality service that supports the achievement of your strategic objectives.

- | | |
|---|--|
| <ul style="list-style-type: none"> • We will consider your strategic objectives in planning and delivering our internal audit coverage and engagements. • We will seek regular feedback about the value of our work. • We will commission an External Quality Assessment (EQA) of our internal audit function in line with professional standards (<i>last one conducted December 2024</i>). • We will perform follow-up activity to verify our value is being realised through completion of internal audit recommendations. | <ul style="list-style-type: none"> • Internal audit engagements have been aligned to your strategic objectives. • Feedback has been proactively requested about our services. • EQA performed every five years. • Follow-up activity has been performed. |
|---|--|



Objective 3: To support innovation and continual improvement of the internal audit service.

- | | |
|--|---|
| <ul style="list-style-type: none"> • We will review and react to any feedback received. • We will leverage technology where possible, especially data analytics (subject to the capability of your systems). | <ul style="list-style-type: none"> • We have acted on any feedback received. • Data analytics has been deployed where applicable. |
|--|---|



Objective 4: To proactively provide insights and share our expertise.

- | | |
|---|---|
| <ul style="list-style-type: none"> • We will share our insights with you through channels such as our thought leadership. • We will allocate subject matter experts and specialists to deliver internal audit engagements as appropriate. | <ul style="list-style-type: none"> • Forvis Mazars insights have been proactively shared with you. • SMEs/specialists assigned to engagements, where appropriate. |
|---|---|

Internal Audit Strategy (Continued)

Internal Audit function that supports the strategic objectives and success of the organisation

Internal Auditor Competency

Maintain Specialist Expertise: Continue delivering targeted technical and sector-specific training to ensure auditors possess the skills required to execute complex and high-value engagements effectively

Structured Development Pathways: Junior auditors are enrolled in accredited professional development programmes (e.g., ICAEW and IRM), with senior management providing oversight to ensure progression aligns with organisational needs and professional standards.

Commitment to Talent Growth: Demonstrate a sustained commitment to building a high-performing team through continuous learning, mentoring, and competency-based development initiatives.

Enhancing engagement with stakeholders

Integrated Assurance Approach: Strengthen collaboration with other assurance providers to enhance coverage and improve coordination across risk areas.

Sector Best Practice Sharing: Continue to share within the sector, fostering knowledge exchange and continuous improvement.

Relationship-Driven Planning: Build on established relationships to review and refine the current Audit Plan, ensuring alignment with organisational priorities and emerging risks.

Technology and Data Analytics

Leverage Advanced Tools: Incorporate innovative technologies—including AI-driven solutions and advanced data analytics platforms—to enhance audit quality, efficiency, and insight.

Collaborate with Specialists: Utilise expertise from internal IT and Fraud teams to strengthen audit coverage in areas requiring technical depth and forensic capabilities.

Continuous Improvement: Commit to exploring emerging technologies and analytics techniques to maintain a forward-looking, data-driven audit approach.

Quality of work

External Quality Assessment Compliance: Fully cooperate with external quality assessments to validate that internal audit activities meet professional standards and deliver high-quality, efficient outcomes.

Transparent Performance Reporting: Provide regular reporting on key performance indicators (KPIs) to the JIAC, ensuring clear oversight of audit timelines and overall effectiveness.

Resourcing

Optimised Resource Allocation: Ensure effective deployment of skills and experience across the internal audit team to maximise efficiency and deliver high-quality assurance.

Team Scale and Diversity: Leverage the strength of a team of approximately 80 auditors, representing a broad spectrum of experience and expertise, to address complex and varied audit requirements.

Dynamic Workforce Planning: Maintain flexibility in resource planning to align with organisational priorities, emerging risks, and specialist needs, ensuring the right capabilities are applied to the right engagements.

Continued planning and emerging risks

Annual Strategy Review: The internal audit strategy will be reviewed annually to ensure alignment with the organisation's evolving risk profile and strategic priorities. This process allows for realignment of the audit programme as new risks emerge

Annual Conclusion: Provide an annual, evidence-based conclusion on the adequacy and effectiveness of the organisation's governance, risk management, and internal control framework.

Section 02

Internal Audit Operational Plan 2026/27

Preparing the Strategy Update and Operational Plan for 2026/27

As part of our approach, it is important we consider the strategic priorities of the Office of the Police, Fire & Crime Commissioner for Northamptonshire (OPFCC) and Northamptonshire Police (Force), as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly. In preparing the Strategy update, the following activities have been undertaken:

A review of the outcomes of 2025/26 internal audit work

Consideration of the latest assessment of risks facing the OPFCC and Force, as detailed in the Strategic and Departmental Risk Registers

Consideration of areas which are not necessarily high risk (such as core operational controls), but where the work of internal audit can provide a tangible input to assurance

Consideration of the results of internal audit across our wider client base

A meeting between Forvis Mazars, OPFCC Chief Finance Officer, Force Chief Finance Officer, Joint Assistant Chief Officer for Enabling Services (Police and Fire), Force Business Continuity & Risk Manager and OPFCC Director of Delivery on 04 December 2025 to discuss the draft plan.

This section includes the proposed 2026/27 Plan. This also includes a proposed high-level scope for each review which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JIAC meetings have been proposed for discussion and approval with the OPFCC and Force's management.

The Plan will be reassessed on a continual basis in light of emerging risks (including issues identified by Internal Audit). Should this result in a need for significant revisions, the plan will be revised and presented for re-approval to the JIAC.

Our professional judgement has been applied in assessing the level of resource required to carry out the audits identified in the strategic cycle. This includes consideration of the complexity of the system, volume and frequency of transactions, sources of assurance and the audit approach to the area under review.

Recommendations made as part of our work will be subject to on-going review as part of our Follow up Audit approach.

Internal Audit Operation Plan 2026/27

An overview of the Internal Audit Operational Plan 2026/27 is set out below.

Proposed Summary Operational Plan					
Audit Area	Estimated Days	Strategic Objective	Strategic Risk	Target Start Date	Target JIAC
Joint Core Financials	10	Sound Money Management	CRR0013 / OPF0001 / OP1005	Q2	Oct-26
Joint Occupational Health & Wellbeing	10	Professionalism and Standards		Q2/3	Dec-26
Investigations	10	Visible, Accessible Community Services	CRR0049 / CRR0068 / CRR0069	Q1	Jul-26
Accreditation Management Follow Up	7	Professionalism and Standards	CRR0037 / CRR0063	Q4	Mar-27
Sustainability	10	Sound Money Management	CRR0081	Q3/4	Mar-27
VAWG Strategy	10	Strong Partnerships		Q1	Jul-26
Data Management	10	Professionalism and Standards	CRR0034 / CRR0057 / CR0070	Q3	Dec-26
Firearms Licensing	10	Professionalism and Standards		Q4	Mar-27

Internal Audit Operation Plan 2026/27

An overview of the Internal Audit Operational Plan 2026/27 is set out below.

Proposed Summary Operational Plan					
Audit Area	Estimated Days	Strategic Objective	Strategic Risk	Target Start Date	Target JIAC
PSD Complaints	10	Professionalism and Standards	CRR0044	Q3	Dec-26
Health & Safety	10	Professionalism and Standards		Q1/2	Oct-26
Reasonable Adjustments	10	Professionalism and Standards		Q3/4	Mar-27
Joint Disaster Recovery	10	Sound Money Management	CRR0034	Q3	Dec-26
IT Follow Up	7	Sound Money Management	CRR0034 / CRR0060	Q4	Mar-27
Access Control	10	Sound Money Management	CRR0065	Q1	Jul-26
Management and Reporting Activities					
Collaboration	5			TBC	TBC
Management	20			Ongoing	N/A
Total	159				

Internal Audit Operation Plan 2026/27

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2026/27 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant OPFCC and/or Force sponsor prior to the commencement of fieldwork.

Joint Core Financials (10 Days)

To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to:

- Policies and procedures
- Access controls
- Amendments to standing data
- Reconciliations
- Authorisation routines
- Reporting

Joint Occupational Health & Wellbeing (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the effectiveness of arrangements for managing occupational health and wellbeing, including governance, service delivery, compliance with statutory obligations, and the adequacy of support provided to officers and staff.

Deferred from 2024/25

Investigations (10 days)

Whilst the exact scope of review will be agreed with management, the focus will be on providing assurance regarding the control framework in place regarding the investigation of statutory offences. Specifically, in relation to recent statistics regarding the level of No Further Action outcomes due to the time elapsing since the offence has taken place and/or been reported.

Deferred from 2025/26

Accreditation Management (7 days)

This follow-up review is being undertaken due to the limited assurance opinion reported in 25/26.

Sustainability (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the effectiveness of arrangements for managing and delivering the organisation's sustainability objectives, including governance, compliance, monitoring and progress towards environmental targets.

VAWG Strategy (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the OPCC's Violence Against Women and Girls (VAWG) Strategy and associated action plans.

Data Management (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the adequacy and effectiveness of data management arrangements, including governance, data quality, retention, security and compliance with relevant policies and statutory requirements.

Firearms Licensing (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the effectiveness of controls, governance and compliance arrangements supporting the firearms licensing process, including suitability assessments, statutory obligations and public-safety responsibilities.

PSD Complaints (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the effectiveness, consistency, and timeliness of the end-to-end initial complaints handling process within the OPFCC, and the handling process within PSD, including adherence to statutory requirements, organisational policies, and expected standards of investigation, recording, communication, and oversight.

Health & Safety (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the adequacy and effectiveness of the organisation's Health and Safety arrangements, including compliance with legislative requirements, the robustness of risk assessments, implementation of control measures, incident reporting and investigation processes, and overall governance and oversight of Health and Safety responsibilities.

Reasonable Adjustments (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of processes for identifying, implementing, and reviewing reasonable adjustments in line with legal and organisational requirements.

Joint Disaster Recovery (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of joint disaster recovery arrangements, including clarity of roles, shared planning, inter-agency coordination, and the robustness of processes to ensure continuity of critical services.

IT Follow Up (7 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the progress made in implementing previously agreed IT audit actions, including the adequacy, timeliness, and effectiveness of remedial measures taken to address identified risks.

Access Control (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of organisational culture and governance arrangements, including clarity of roles, decision-making processes, accountability, and the consistency of behaviours with expected values and standards.

Collaboration (5 days)

Resources have been allocated across each OPFCC / Force to provide assurance with regards the systems and controls in place to deliver specific elements of regional collaboration. Consideration will be given to assessing whether the area of collaboration is delivering against its original objectives and what arrangements are in place, from an OPFCC / Force perspective, for monitoring and managing the service.

A detailed 26/27 Collaboration Audit plan will be drafted and shared with the JIAC once agreed by the regional CFO's.

Management (20 days)

Resources for client and external audit liaison.

For example, preparation and attendance at JIAC, strategic and operational planning, meetings with Force Chief Officer Team/Chair of JIAC, preparation of the Internal Audit Annual Conclusion, Annual Internal Audit Plan and other reports to the JIAC, etc

Section 03

Updated Internal Audit Strategy 2026/27 – 2027/28

Updated Internal Audit Strategy 2026/27 – 2027/28

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2026/27 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant OPFCC and/or Force sponsor prior to the commencement of fieldwork.

Strategic Risks	Auditable Area	Previous audits					Strategy	
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Indicative 2027/28
Force Risks								
CRR0034 – Force Intelligence System	IT Audit	Limited	Limited	Limited	Moderate	TBC	7	
CRR0065 – Access Control	Physical Access						10	
CRR0013 – Medium Term Financial Plan	MTFP		Substantial		Substantial		10	✓
CRR0031 – Police Pension Challenge								
CRR0059 – Geolocation FSA Accreditation	Accreditation					Limited	7	
CRR0063 – FCIU Accreditation								
CRR0037 – Digital Forensics Unit	Digital Forensics					TBC		
CRR0070 – DFU Data Storage and Transfer								
CRR0044 – PSD Misconduct Hearings	Misconduct Hearings					TBC		
CRR0051 – Response Sergeants	Workforce Planning				Moderate		10	
CRR0061 – Officer Uplift								

Strategic Risks	Auditable Area	Previous audits					Strategy	
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Indicative 2027/28
Force Risks								
CRR0054- Evidential Property Store	Seized Property	Moderate				Substantial		
CRR0058 – Evidential Tapes and Disks								
CRR0066 – Hazardous Waste Storage								
CRR0064 – FOI/SAR Backlog	Freedom of Information		Moderate				10	
CRR0067 – Suspicious Activity Report Volume	Statutory Reporting							✓
CRR0069 – Grade 1 Incident Volume	Investigations						10	
OPFCC Risks								
OP1005 – Long term sustainability of Northamptonshire Police funding	MTFP		Substantial		Substantial		10	
Collaboration							5	✓
Management and Control							30	✓

Section 04

Definitions of Assurance Opinions and Recommendations

Definitions of Assurance Opinions and Recommendations

Assurance Opinions

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendation gradings

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

05

Section 05

Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the OPFCC and Force's Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the Public Sector, produced by CIPFA. The Charter will be reviewed and updated annually by Forvis Mazars.

Purpose of Internal Auditing

The purpose of the IA function is to strengthen OPFCC and Force's ability to create, protect, and sustain value by providing the Joint Independent Audit Committee (JIAC) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

IA carries out assurance and consulting activities across all aspects of OPFCC and Force's business, based on a programme agreed with the JIAC, and coordinates these activities via the assurance framework. In doing so, IA works closely with risk owners, and the OPFCC's Senior Management and Force's Chief Officer teams.

In addition to providing independent assurance to various stakeholders, IA helps identify areas where OPFCC and Force's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, IA liaises closely with the OPFCC's Senior Management and Force's Chief Officer teams and management in relevant departments.

The independent assurance provided by IA also assists OPFCC and Force's to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

Commitment to Adhering to the Global Internal Audit Standards (GIAS)

The OPFCC and Force's IA function will adhere to the mandatory elements of IIA's International Professional Practices Framework, which are the GIAS and Topical Requirements, and any interpretations of the standards made by the Relevant Internal Audit Standards Setters (RIASS).

We will report periodically to the JIAC and senior management regarding the IA function's conformance with GIAS, which will be assessed through a quality assurance and improvement program.

Mandate

Authority

The OPFCC and Force is responsible for maintaining an effective Internal Audit function under the Accounts and Audit Regulations 2015. These regulations mandate that:

- A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes
- Any officer or member of a relevant authority must, if required to do so for the purposes of internal audit:
 - make available such documents and records (includes information recorded in an electronic form); and
 - Supply such information and explanations as are considered necessary by those conducting the internal audit.

The OPFCC and Force's JIAC grants the IA function the mandate to provide the JIAC and senior management with objective assurance, advice, insight, and foresight.

The IA function's authority is created by its direct reporting relationship to the JIAC. Such authority allows for unrestricted access to the JIAC. Any restriction (management or other) on the scope of IA's activities will be reported to the JIAC.

The JIAC authorises the IA function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out IA responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of OPFCC and Force's and other specialised services from within or outside OPFCC and Force's to complete IA services.

Internal Audit Charter (continued)

Independence, Organisational Position, and Reporting Relationships

We will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section.) We will report functionally to the JIAC and administratively (for example, day-to-day operations) to the Resources Director or equivalent senior officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the JIAC, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

We will confirm to the JIAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, we will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. We will disclose to the JIAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfil its mandate.

The OPFCC and Force is responsible for the development of a risk management framework, overseen by the JIAC, which includes:

- Identification of the significant risks in OPFCC and Force programme of activity and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the OPFCC’s Senior Management, the Force’s Chief Officer teams and the JIAC of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to IA’s responsibilities.

OPFCC and Force system of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support OPFCC and Force effective operation in the pursuit of its objectives. The risk management, control and governance processes enable OPFCC and Force to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the OPFCC’s Senior Management and Force’s Chief Officer teams.

The OPFCC and Force needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of OPFCC and Force’s business. There are also many assurance providers. OPFCC and Force should, therefore, develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between Forvis Mazars, JIAC, and senior management on the IA mandate or other aspects of the Charter. Such circumstances may include but are not limited to:

- A significant change in the GIAS.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Forvis Mazars team, JIAC, and/or senior management.
- Significant changes to the organisation’s strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of IA services.

JIAC Oversight

To establish, maintain, and ensure that OPFCC and Force IA function has sufficient authority to fulfil its duties, the JIAC will:

- Champion the IA function to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Discuss with Forvis Mazars and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the IA function.
- Ensure Forvis Mazars has unrestricted access to and communicates and interacts directly with the JIAC, including in private meetings without senior management present.
- Discuss with the Forvis Mazars and senior management other topics that should be included in the IA Charter.
- Participate in discussions with Forvis Mazars and senior management about the “essential conditions,” described in the GIAS, which establish the foundation that enables an effective IA function.
- Recommend the IA function’s Charter for approval.
- Review the IA Charter periodically with Forvis Mazars to consider changes affecting the organisation and approve the IA charter typically annually.
- Confirm that Forvis Mazars has the required qualifications and competencies to provide internal audit services, as described in the GIAS (typically undertaken through the procurement of IA services).
- Provide input into senior management to support the evaluation of the IA provider.
- Receive communications from Forvis Mazars about the IA function including its performance relative to its plan.
- Ensure a quality assurance system has been established.
- Where required, make appropriate inquiries of senior management and Forvis Mazars to determine whether scope or resource limitations are appropriate.

Responsibilities of Management

Management has a role to identify key risks within their service and to ensure that this is effectively managed. Management can assist the process of internal audit by:

- Providing access to records, systems, personnel, premises and properties necessary for Internal Audit to fulfil its mandate
- Co-operate fully and promptly with internal audit during audit engagements
- Contribute to the IA planning process and provide insight into risk areas
- Accept and implement IA recommendations or propose alternative actions which support risk-mitigation, and report progress to
- Retain overall responsibility for establishing effective internal control and risk management framework
- Promote independence of IA within the organisation and ensure adequate resource for IA to fulfil its mandate

Forvis Mazars Roles and Responsibilities

Ethics and Professionalism

We will ensure that internal auditors:

- Conform with the GIAS, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

Objectivity

We will ensure that the IA function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If we determine that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the OPFCC, Force or its affiliates.
- Initiating or approving transactions external to the IA function.
- Directing the activities of any OPFCC or Force employee that is not employed.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as management at Forvis Mazars, JIAC, OPFCC and Force management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the IA Function

Forvis Mazars has the responsibility to:

- At least annually, develop a risk-based IA plan that considers the input of the JIAC and senior management. Discuss the plan with the JIAC and senior management and submit the plan to the JIAC for review and approval.
- Work with the JIAC and senior management to understand other assurance that could be relied upon by the IA Function.
- Communicate with the JIAC and senior management if there are significant interim changes to the IA plan.
- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of the OPFCC and Force, regulators and other stakeholders are met in the most effective way. If we cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the JIAC.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes. Carry out assurance and consulting activities across all aspects of the OPFCC and Force's business based on a risk-based plan agreed with the JIAC.
- Ensure IA engagements are performed, documented, and communicated in accordance with the GIAS.
- Provide the Police, Fire & Crime Commissioner (PFCC) and Chief Constable with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue reports to the JIAC with results of assurance activities and follow ups.
- Subject to appointment by OPFCC and Force assist in the investigation of allegations of fraud, bribery and corruption within the OPFCC and Force and notifying management and the JIAC of the results

Internal Audit Charter (continued)

- In accordance with the IA plan, follow up on remedial actions within IA reports to confirm implementation.
- Ensure the IA function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS and fulfil the IA mandate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the IA function.
- Ensure adherence to the OPFCC and Force's relevant policies and procedures unless such policies and procedures conflict with the IA charter or the GIAS. Any such conflicts will be resolved or documented and communicated to the JIAC and senior management

Value for Money

Forvis Mazars will consider the importance of securing value for money, alongside key considerations, when determining appropriate evaluation criteria. Recommendations can be attached to any areas of significant weakness.

The JIAC should consider whether value for money is in line with governance objectives and to receive assurance on this to underpin the annual governance statement.

Communication with the JIAC and Senior Management

Forvis Mazars will report periodically to the JIAC and senior management regarding:

- The IA function's mandate.
- The IA plan and performance / progress relative to its plan.
- Significant revisions to the IA plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the JIAC.
- Results of assurance and advisory services.
- Management's responses to risk that the IA function determines may be unacceptable or acceptance of a risk that is beyond the OPFCC and Force's risk appetites.

Quality Assurance and Improvement Program

Forvis Mazars, as a regulated professional services provider to the public sector, maintain a quality assurance and improvement programme covering all aspects of the IA function, including internal and external reviews.

External assessments will be conducted at least once every five years by a qualified, independent assessor.

Scope and Types of IA Services

The scope of IA services covers the entire breadth of the organisation, including all the OPFCC and Force's activities, assets, and personnel. The scope of IA activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the JIAC and management on the adequacy and effectiveness of governance, risk management, and control processes for the OPFCC and/or Force.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the IA function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

- IA engagements may include evaluating whether:
- Risks relating to the achievement of the OPFCC and Force's strategic objectives are appropriately identified and managed.
- The actions of the OPFCC and Force's officers, directors, management, employees, and contractors or other relevant parties comply with the OPFCC and Force's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the OPFCC and Force.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Forvis Mazars

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Statement of Responsibility

We take responsibility to the Office of the Police, Fire & Crime Commissioner for Northamptonshire and Northamptonshire Police for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Northamptonshire Commissioner Fire & Rescue Authority

Joint Independent Audit Committee – 04 03 2026

Internal Audit Strategy Update – DRAFT Operational Plan 2026/27 and Charter

Date Prepared: February 2026

- 01** Introduction
- 02** Internal Audit Operational Plan 2026/27
- 03** Updated Internal Audit Strategy 2026/27 – 2027/28
- 04** Definitions of Assurance Opinions and Recommendations
- 05** Internal Audit Charter

Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of the Office of the Police, Fire & Crime Commissioner for Northamptonshire (“OPFCC”) and Northamptonshire Commissioner Fire & Rescue Authority (“NCFRA”) and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of the OPFCC and NCFRA and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

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Section 01

Introduction

Introduction

The Internal Audit Strategy (the Strategy) is used to direct Internal Audit resources to those aspects of the organisation that are assessed as generating the greatest risk to the achievement of its objectives. This is subject to review and update on at least an annual basis to ensure it meets the needs of the Northamptonshire Commissioner Fire & Rescue Authority (NCFRA), including taking account of any areas of new and emerging risk within the Risk Register. The purpose of this document is to provide the Joint Independent Audit Committee with a further update of the Strategy and the proposed 2026/27 Internal Audit Plan (the Plan) for consideration.

In considering the document, the Joint Independent Audit Committee is asked to consider:

- whether the balance is right in terms of coverage and focus;
- whether key areas have been captured that would be expected; and
- whether there are any significant gaps.

We have set out how the 2026/27 Plan was prepared in **Section 02**. This section also sets out the proposed Plan along with a proposed high-level scope for each review.

The updated Internal Audit Strategy for 2026/27 to 2027/28 is set out in **Section 03**.

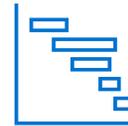
In addition, we are also asking for consideration from the Joint Independent Audit Committee for the Internal Audit Charter in **Section 05**, which we request on an annual basis.

Scope and Purpose of Internal Audit



IA's Role

The purpose of internal audit is to provide the Police, Fire & Crime Commissioner and Chief Fire Officer, through the Joint Independent Audit Committee, and management, with an independent and objective conclusion on risk management, control and governance and their effectiveness in achieving the NCFRA's agreed objectives.



IA Plan

Completion of the internal audits proposed in the 2026/27 Plan should be used to help inform the NCFRA's statement on the effectiveness of internal control within its annual report and accounts



Objective

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control



Charter

We have included our Internal Audit Charter in **Section 05**. The Charter sets out terms of reference and serves as a basis for the governance of the NCFRA's IA function, establishing our purpose, authority, responsibility, independence and scope, in accordance with the Global Internal Audit Standards (GIAS).

Vision: To provide high-quality internal audit that responds to our customers’ needs. To seek to innovate and to provide insight to our customers through leveraging our expertise.

Objectives and Measures



Objective 1: To be a responsive internal audit service that considers your key risks.

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| <ul style="list-style-type: none"> • We will keep the Plan under continual review to respond to emerging risks and priorities, as appropriate. • We will respond to all mutually agreed changes to the Plan. • We will adopt a risk-based approach to planning internal audit coverage and engagements. | <ul style="list-style-type: none"> • Plan delivered has reflected mutually agreed changes. • Risk-based internal audit methodology has been applied. • Ensuring adequate resourcing to deliver audit plan |
|--|--|



Objective 2: To deliver a high-quality service that supports the achievement of your strategic objectives.

- | | |
|---|--|
| <ul style="list-style-type: none"> • We will consider your strategic objectives in planning and delivering our internal audit coverage and engagements. • We will seek regular feedback about the value of our work. • We will commission an External Quality Assessment (EQA) of our internal audit function in line with professional standards (<i>last one conducted December 2024</i>). • We will perform follow-up activity to verify our value is being realised through completion of internal audit recommendations. | <ul style="list-style-type: none"> • Internal audit engagements have been aligned to your strategic objectives. • Feedback has been proactively requested about our services. • EQA performed every five years. • Follow-up activity has been performed. |
|---|--|



Objective 3: To support innovation and continual improvement of the internal audit service.

- | | |
|--|---|
| <ul style="list-style-type: none"> • We will review and react to any feedback received. • We will leverage technology where possible, especially data analytics (subject to the capability of your systems). | <ul style="list-style-type: none"> • We have acted on any feedback received. • Data analytics has been deployed where applicable. |
|--|---|



Objective 4: To proactively provide insights and share our expertise.

- | | |
|---|---|
| <ul style="list-style-type: none"> • We will share our insights with you through channels such as our thought leadership. • We will allocate subject matter experts and specialists to deliver internal audit engagements as appropriate. | <ul style="list-style-type: none"> • Forvis Mazars insights have been proactively shared with you. • SMEs/specialists assigned to engagements, where appropriate. |
|---|---|

Internal Audit Strategy (Continued)

Internal Audit function that supports the strategic objectives and success of the organisation

Internal Auditor Competency

Maintain Specialist Expertise: Continue delivering targeted technical and sector-specific training to ensure auditors possess the skills required to execute complex and high-value engagements effectively

Structured Development Pathways: Junior auditors are enrolled in accredited professional development programmes (e.g., ICAEW and IRM), with senior management providing oversight to ensure progression aligns with organisational needs and professional standards.

Commitment to Talent Growth: Demonstrate a sustained commitment to building a high-performing team through continuous learning, mentoring, and competency-based development initiatives.

Enhancing engagement with stakeholders

Integrated Assurance Approach: Strengthen collaboration with other assurance providers to enhance coverage and improve coordination across risk areas.

Sector Best Practice Sharing: Continue to share within the sector, fostering knowledge exchange and continuous improvement.

Relationship-Driven Planning: Build on established relationships to review and refine the current Audit Plan, ensuring alignment with organisational priorities and emerging risks.

Technology and Data Analytics

Leverage Advanced Tools: Incorporate innovative technologies—including AI-driven solutions and advanced data analytics platforms—to enhance audit quality, efficiency, and insight.

Collaborate with Specialists: Utilise expertise from internal IT and Fraud teams to strengthen audit coverage in areas requiring technical depth and forensic capabilities.

Continuous Improvement: Commit to exploring emerging technologies and analytics techniques to maintain a forward-looking, data-driven audit approach.

Quality of work

External Quality Assessment Compliance: Fully cooperate with external quality assessments to validate that internal audit activities meet professional standards and deliver high-quality, efficient outcomes.

Transparent Performance Reporting: Provide regular reporting on key performance indicators (KPIs) to the JIAC, ensuring clear oversight of audit timelines and overall effectiveness.

Resourcing

Optimised Resource Allocation: Ensure effective deployment of skills and experience across the internal audit team to maximise efficiency and deliver high-quality assurance.

Team Scale and Diversity: Leverage the strength of a team of approximately 80 auditors, representing a broad spectrum of experience and expertise, to address complex and varied audit requirements.

Dynamic Workforce Planning: Maintain flexibility in resource planning to align with organisational priorities, emerging risks, and specialist needs, ensuring the right capabilities are applied to the right engagements.

Continued planning and emerging risks

Annual Strategy Review: The internal audit strategy will be reviewed annually to ensure alignment with the organisation's evolving risk profile and strategic priorities. This process allows for realignment of the audit programme as new risks emerge

Annual Conclusion: Provide an annual, evidence-based conclusion on the adequacy and effectiveness of the organisation's governance, risk management, and internal control framework.

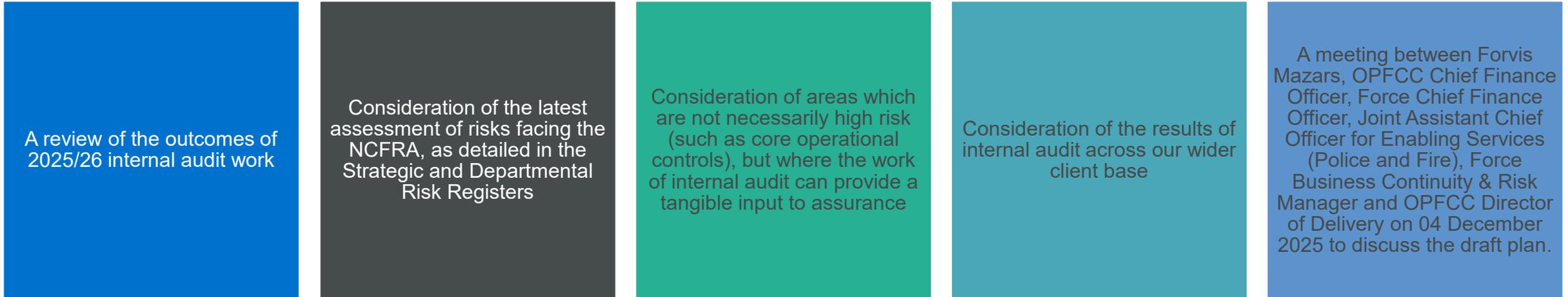
02

Section 02

Internal Audit Operational Plan 2026/27

Preparing the Strategy Update and Operational Plan for 2026/27

As part of our approach, it is important we consider the strategic priorities of the Northamptonshire Commissioner Fire & Rescue Authority (NCFRA), as well as the key strategic risks identified, as we seek to align our risk-based approach accordingly. In preparing the Strategy update, the following activities have been undertaken:



This section includes the proposed 2026/27 Plan. This also includes a proposed high-level scope for each review which will be revisited as part of the detailed planning for each review. Fieldwork dates for each of the audits, including presentation of finalised reports at future dates for JIAC meetings have been proposed for discussion and approval with the NCFRA’s management.

The Plan will be reassessed on a continual basis in light of emerging risks (including issues identified by Internal Audit). Should this result in a need for significant revisions, the plan will be revised and presented for re-approval to the JIAC.

Our professional judgement has been applied in assessing the level of resource required to carry out the audits identified in the strategic cycle. This includes consideration of the complexity of the system, volume and frequency of transactions, sources of assurance and the audit approach to the area under review.

Recommendations made as part of our work will be subject to on-going review as part of our Follow up Audit approach.

Internal Audit Operation Plan 2026/27

An overview of the Internal Audit Operational Plan 2026/27 is set out below.

Proposed Summary Operational Plan					
Audit Area	Estimated Days	Strategic Objective	Strategic Risk	Target Start Date	Target JIAC
Joint Core Financials	10	Sound money management	CRR0013 / OPF0001 / OP1005	Q2	Oct-26
Budget setting / MTFP	10	Sound money management	CRR0013 / OP1005	Q1	Jul-26
Joint Occupational Health & Wellbeing	10	Professionalism and standards		Q2/3	Dec-26
JESIP and Major Incidents	15	Strong Partnerships	CRR0069	Q3/4	Mar-27
Culture and Governance	10	Professionalism and standards		Q1/2	Oct-26
Specialist Training & CPD	10	Professionalism and Standards		Q4	Mar-27
Joint Disaster Recovery	10	Sound Money Management	CRR0034	Q3	Dec-26
Management and Reporting Activities					
Contingency	5	Possible contingency or 27/28 review on Airwave Code of Practice		TBC	TBC
Management	10			Ongoing	N/A
Total	90				

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2026/27 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant NCFRA sponsor prior to the commencement of fieldwork.

Joint Core Financials (10 Days)

To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the core financial systems. The scope of the work will include, but not be limited to:

- Policies and procedures
- Access controls
- Amendments to standing data
- Reconciliations
- Authorisation routines
- Reporting

Budget Setting / MTFP (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the robustness of the budget setting process, the accuracy and completeness of underlying financial assumptions, and the effectiveness of controls supporting the MTFP.

Joint Occupational Health & Wellbeing (10 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance with regards to the effectiveness of arrangements for managing occupational health and wellbeing, including governance, service delivery, compliance with statutory obligations, and the adequacy of support provided to officers and staff.

Deferred from 2024/25

JESIP and Major Incidents (15 Days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of JESIP compliance and major incident preparedness, including the clarity of roles, interoperability arrangements, and the robustness of response and coordination processes.

Culture and Governance (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of organisational culture and governance arrangements, including clarity of roles, decision-making processes, accountability, and the consistency of behaviours with expected values and standards.

Specialist Training & CPD (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of training management and recording, including role-based training, continuing development and the maintenance of training records.

Joint Disaster Recovery (10 days)

Whilst the details of the scope will be agreed with management, the audit will provide assurance over the effectiveness of joint disaster recovery arrangements, including clarity of roles, shared planning, inter-agency coordination, and the robustness of processes to ensure continuity of critical services.

Contingency (5 Days)

Resources have been allocated across each NCFRA to provide assurance with regards to the systems and controls in place to deliver effective contingency planning and response. Consideration will be given to assessing whether current contingency arrangements remain aligned to their original objectives and what mechanisms are in place, from an NCFRA perspective, for monitoring, maintaining, and managing service resilience.

A detailed 26/27 Contingency Planning Audit Plan will be drafted and shared with the JIAC once agreed by the regional CFOs.

Management (10 Days)

Resources for client and external audit liaison.

For example, preparation and attendance at JIAC, strategic and operational planning, meetings with Force Chief Officer Team/Chair of JIAC, preparation of the Internal Audit Annual Conclusion, Annual Internal Audit Plan and other reports to the JIAC, etc

Section 03

Updated Internal Audit Strategy 2026/27 – 2027/28

Updated Internal Audit Strategy 2026/27 – 2027/28

The rationale behind the inclusion of each of the areas identified within the Internal Audit Operational Plan 2026/27 is detailed below, alongside an indicative high-level scope. Please note that the detailed scope of each review will be discussed and agreed with the relevant NCFRA sponsor prior to the commencement of fieldwork.

Strategic Risks	Auditable Area	Previous Audits			Strategy	
		2023/24	2024/25	2025/26	2026/27	Indicative 2027/28
NCFRA Risks						
SR16 - Loss of Staff	Workforce Planning / Succession Planning		Moderate	TBC		✓
SR37 - Loss of Staff due to Industrial Action (includes action short of strike)						
SR38 - Mobilising. Ability to maintain a resilient & functioning Fire control room/function						
SR39 – Effective, accurate mobilising & management of operational resources (On Call)	Safeguarding / Prevention		Limited	TBC		
SR26 - Failure to adequately safeguard members of the community.						
SR30 - Inability to change culture to embed EDI effectively.	EDI Plan	Moderate				✓
OPFCC Risks						
OPF0003 – Cultural risks in Fire and Rescue Service	Grievance Policies	Substantial		TBC		
	Culture & Governance		Moderate		10	
	EDI Plan	Moderate				✓
OPF0001– Long term sustainability of Northamptonshire Fire and Rescue Service budget	Medium Term Financial Planning				10	
	Core Financials	Moderate	Moderate		10	
Contingency					5	✓
Management and Control					10	✓

Section 04

Definitions of Assurance Opinions and Recommendations

Definitions of Assurance Opinions and Recommendations

Assurance Opinions

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Recommendation gradings

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

05

Section 05

Internal Audit Charter

The Internal Audit Charter sets out the terms of reference and serves as a basis for the governance of the Northamptonshire Commissioner Fire & Rescue Authority's (NCFRA) Internal Audit function. It sets out the purpose, authority and responsibility of the function in accordance with the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the Public Sector, produced by CIPFA. The Charter will be reviewed and updated annually by Forvis Mazars.

Purpose of Internal Auditing

The purpose of the IA function is to strengthen NCFRA's ability to create, protect, and sustain value by providing the Joint Independent Audit Committee (JIAC) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

IA carries out assurance and consulting activities across all aspects of NCFRA's business, based on a programme agreed with the JIAC, and coordinates these activities via the assurance framework. In doing so, IA works closely with risk owners, and the Office of the Police, Fire & Crime Commissioner's (OPFCC's) Senior Management and Northamptonshire Fire & Rescue Service's Chief Officer teams.

In addition to providing independent assurance to various stakeholders, IA helps identify areas where NCFRA's existing processes and procedures can be developed to improve the extent with which risks in these areas are managed; and public money is safeguarded and used economically, efficiently and effectively. In carrying out its work, IA liaises closely with the OPFCC's Senior Management and Northamptonshire Fire & Rescue Service's Chief Officer teams and management in relevant departments.

The independent assurance provided by IA also assists the OPFCC and NCFRA to report annually on the effectiveness of the system of internal control included in the Annual Governance Statements.

Commitment to Adhering to the Global Internal Audit Standards (GIAS)

The NCFRA's IA function will adhere to the mandatory elements of IIA's International Professional Practices Framework, which are the GIAS and Topical Requirements, and any interpretations of the standards made by the Relevant Internal Audit Standards Setters (RIASS).

We will report periodically to the JIAC and senior management regarding the IA function's conformance with GIAS, which will be assessed through a quality assurance and improvement program.

Mandate

Authority

The NCFRA are responsible for maintaining an effective Internal Audit function under the Accounts and Audit Regulations 2015. These regulations mandate that:

- A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes
- Any officer or member of a relevant authority must, if required to do so for the purposes of internal audit:
 - make available such documents and records (includes information recorded in an electronic form); and
 - Supply such information and explanations as are considered necessary by those conducting the internal audit.

The NCFRA's JIAC grants the IA function the mandate to provide the JIAC and senior management with objective assurance, advice, insight, and foresight.

The IA function's authority is created by its direct reporting relationship to the JIAC. Such authority allows for unrestricted access to the JIAC. Any restriction (management or other) on the scope of IA's activities will be reported to the JIAC.

The JIAC authorises the IA function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out IA responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the NCFRA and other specialised services from within or outside the NCFRA to complete IA services.

Independence, Organisational Position, and Reporting Relationships

We will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section.) We will report functionally to the JIAC and administratively (for example, day-to-day operations) to the Resources Director or equivalent senior officer. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the JIAC, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

We will confirm to the JIAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, we will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. We will disclose to the JIAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfil its mandate.

The NCFRA is responsible for the development of a risk management framework, overseen by the JIAC, which includes:

- Identification of the significant risks in the NCFRA programme of activity and allocation of a risk owner to each;
- An assessment of how well the significant risks are being managed; and
- Regular reviews by the OPFCC’s Senior Management and Northamptonshire Fire & Rescue Service’s Chief Officer teams and the JIAC of the significant risks, including reviews of key risk indicators, governance reports and action plans, and any changes to the risk profile.

A system of internal control is one of the primary means of managing risk and consequently the evaluation of its effectiveness is central to IA’s responsibilities.

NCFRA system of internal control comprises the policies, procedures and practices, as well as organisational culture that collectively support the NCFRA’s effective operation in the pursuit of its objectives. The risk management, control and governance processes enable the NCFRA to respond to significant business risks, be these of an operational, financial, compliance or other nature, and are the direct responsibility of the OPFCC’s Senior Management and Northamptonshire Fire & Rescue Service’s Chief Officer teams.

The NCFRA needs assurance over the significant business risks set out in the risk management framework. In addition, there are many other stakeholders, both internal and external, requiring assurance on the management of risk and other aspects of the NCFRA’s business. There are also many assurance providers. The NCFRA should, therefore, develop and maintain an assurance framework which sets out the sources of assurance to meet the assurance needs of its stakeholders.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between Forvis Mazars, JIAC, and senior management on the IA mandate or other aspects of the Charter. Such circumstances may include but are not limited to:

- A significant change in the GIAS.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the Forvis Mazars team, JIAC, and/or senior management.
- Significant changes to the organisation’s strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of IA services.

JIAC Oversight

To establish, maintain, and ensure that the NCFRA's IA function has sufficient authority to fulfil its duties, the JIAC will:

- Champion the IA function to enable it to fulfil the Purpose of Internal Auditing and pursue its strategy and objectives.
- Discuss with Forvis Mazars and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the IA function.
- Ensure Forvis Mazars has unrestricted access to and communicates and interacts directly with the JIAC, including in private meetings without senior management present.
- Discuss with the Forvis Mazars and senior management other topics that should be included in the IA Charter.
- Participate in discussions with Forvis Mazars and senior management about the “essential conditions,” described in the GIAS, which establish the foundation that enables an effective IA function.
- Approve the IA function's Charter, which includes the IA mandate and the scope and types of IA services.
- Review the IA Charter periodically with Forvis Mazars to consider changes affecting the organisation and approve the IA charter typically annually.
- Confirm that Forvis Mazars has the required qualifications and competencies to provide internal audit services, as described in the GIAS (typically undertaken through the procurement of IA services).
- Authorise the appointment and removal of the IA provider.
- Provide input into senior management to support the evaluation of the IA provider.
- Receive communications from Forvis Mazars about the IA function including its performance relative to its plan.
- Ensure a quality assurance system has been established.
- Where required, make appropriate inquiries of senior management and Forvis Mazars to determine whether scope or resource limitations are appropriate.

Responsibilities of Management

Management has a role to identify key risks within their service and to ensure that this is effectively managed. Management can assist the process of internal audit by:

- Providing access to records, systems, personnel, premises and properties necessary for Internal Audit to fulfil its mandate
- Co-operate fully and promptly with internal audit during audit engagements
- Contribute to the IA planning process and provide insight into risk areas
- Accept and implement IA recommendations or propose alternative actions which support risk-mitigation, and report progress to
- Retain overall responsibility for establishing effective internal control and risk management framework
- Promote independence of IA within the organisation and ensure adequate resource for IA to fulfil its mandate

Forvis Mazars Roles and Responsibilities

Ethics and Professionalism

We will ensure that internal auditors:

- Conform with the GIAS, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

We will ensure that the IA function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If we determine that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the NCFRA or its affiliates.
- Initiating or approving transactions external to the IA function.
- Directing the activities of any NCFRA employee that is not employed.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as management at Forvis Mazars, JIAC, NCFRA management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the IA Function

Forvis Mazars has the responsibility to:

- At least annually, develop a risk-based IA plan that considers the input of the JIAC and senior management. Discuss the plan with the JIAC and senior management and submit the plan to the JIAC for review and approval.

- Work with the JIAC and senior management to understand other assurance that could be relied upon by the IA Function.
- Communicate with the JIAC and senior management if there are significant interim changes to the IA plan.
- Coordinate assurance activities with other assurance providers as needed (such as the external auditors) such that the assurance needs of the NCFRA, regulators and other stakeholders are met in the most effective way. If we cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the JIAC.
- Evaluate and assess the implications of new or changing systems, products, services, operations and control processes. Carry out assurance and consulting activities across all aspects of the NCFRA's business based on a risk-based plan agreed with the JIAC.
- Ensure IA engagements are performed, documented, and communicated in accordance with the GIAS.
- Provide the Police, Fire & Crime Commissioner (PFCC) and Chief Fire Officer with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls associated with the management of risk in the area being audited.
- Issue reports to the JIAC with results of assurance activities and follow ups.
- Subject to appointment by the NCFRA, assist in the investigation of allegations of fraud, bribery and corruption within the NCFRA and notifying management and the JIAC of the results.
- In accordance with the IA plan, follow up on remedial actions within IA reports to confirm implementation.
- Ensure the IA function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS and fulfil the IA mandate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the IA function.
- Ensure adherence to the NCFRA's relevant policies and procedures unless such policies and procedures conflict with the IA charter or the GIAS. Any such conflicts will be resolved or documented and communicated to the JIAC and senior management

Internal Audit Charter (continued)

Value for Money

Forvis Mazars will consider the importance of securing value for money, alongside key considerations, when determining appropriate evaluation criteria. Recommendations can be attached to any areas of significant weakness.

The JIAC should consider whether value for money is in line with governance objectives and to receive assurance on this to underpin the annual governance statement.

Communication with the JIAC and Senior Management

Forvis Mazars will report periodically to the JIAC and senior management regarding:

- The IA function's mandate.
- The IA plan and performance / progress relative to its plan.
- Significant revisions to the IA plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the JIAC.
- Results of assurance and advisory services.
- Management's responses to risk that the IA function determines may be unacceptable or acceptance of a risk that is beyond the NCFRA's risk appetite.

Quality Assurance and Improvement Program

Forvis Mazars, as a regulated professional services provider to the public sector, maintain a quality assurance and improvement programme covering all aspects of the IA function, including internal and external reviews.

External assessments will be conducted at least once every five years by a qualified, independent assessor.

Scope and Types of IA Services

The scope of IA services covers the entire breadth of the organisation, including all NCFRA's activities, assets, and personnel. The scope of IA activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the JIAC and management on the adequacy and effectiveness of governance, risk management, and control processes for the NCFRA.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the IA function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

- IA engagements may include evaluating whether:
 - Risks relating to the achievement of the NCFRA's strategic objectives are appropriately identified and managed.
 - The actions of the NCFRA's officers, directors, management, employees, and contractors or other relevant parties comply with the NCFRA's policies, procedures, and applicable laws, regulations, and governance standards.
 - The results of operations and programs are consistent with established goals and objectives.
 - Operations and programs are being carried out effectively and efficiently.
 - Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the NCFRA.
 - The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
 - Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Forvis Mazars

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Statement of Responsibility

We take responsibility to the Office of the Police, Fire & Crime Commissioner for Northamptonshire (“OPFCC”) and Northamptonshire Commissioner Fire & Rescue Authority (“NCFRA”) for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management’s responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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AGENDA ITEM 7

Report to the Joint Independent Audit Committee 04 March 2026

Internal Audit Recommendations Summary Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.
- 1.2 The report contains actions arising from audits of Northamptonshire Police and the Office of Northamptonshire Police, Fire and Crime Commissioner and East Midlands Collaboration Units. Where joint police and fire audits have been undertaken all recommendations are included in this report irrespective of whether they apply solely to police or fire or if they apply jointly to both organisations.
- 1.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.
- 1.4 The Risk, Audit and Assurance Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

2 NORTHAMPTONSHIRE AUDITS

2.1 Overall Status

Overview of completed internal audits and recommendations by audit year.

2023/24 Audits	Date	Grade	Recommendations							Overall Status
			Priority 1	Priority 2	Priority 3	Progress				
						Overdue	Revised	Ongoing	Closed	
Firearms Licensing	21 July 2023	Moderate Assurance	0	2	0	0	0	0	2	
RUI Follow Up	26 September 2023	Moderate Assurance	0	1	2	0	0	0	3	
Business Continuity & Emergency Planning	01 November 2023	Limited Assurance	2	3	0	0	0	0	5	
Reasonable Adjustments Follow Up	25 January 2024	Moderate Assurance	0	2	3	0	0	0	5	
Core Financials	06 March 2024	Moderate Assurance	0	3	3	0	0	0	6	
Vetting	18 March 2024	Moderate Assurance	0	1	2	0	0	0	3	
Fleet Management Follow Up	25 April 2024	Moderate Assurance	0	0	3	0	0	0	3	
Payroll	01 May 2024	Moderate Assurance	0	3	0	0	0	0	3	
Identity Access Management	11 June 2024	Limited Opinion	0	5	1	0	2	0	4	
IT Asset Legacy Management	11 June 2024	Moderate Opinion	0	2	3	0	0	0	5	
Totals			2	22	17	0	2	0	39	

2024/25 Audits	Date	Grade	Recommendations							Overall Status
			Priority 1	Priority 2	Priority 3	Progress				
						Overdue	Revised	Ongoing	Closed	
Grant Funding	27 June 2024	Substantial Opinion	0	1	0	0	0	0	1	
Medium Term Financial Planning	18 September 2024	Substantial Opinion	0	0	0	0	0	0	0	
Asset Management	30 October 2024	Moderate Opinion	0	1	3	0	3	0	1	
Joint Core Financials	27 November 2024	Moderate Opinion	0	2	3	0	0	0	5	
Workforce Planning	27 February 2025	Moderate Opinion	0	1	0	0	0	0	1	
Business Continuity & Emergency Planning Follow Up	29 May 2025	n/a	1	0	0	0	0	0	1	
Procurement and Supply Chain	18 June 2025	Moderate Opinion	0	2	1	0	0	0	3	
Joint Governance	03 July 2025	Moderate Opinion	0	1	2	1	0	0	2	
Police and Fire IT Governance	29 July 2025	Moderate Opinion	0	2	2	0	0	0	4	
Joint Estates Management	22 August 2025	Moderate Opinion	0	1	0	0	1	0	0	
Totals			1	11	11	1	4	0	18	

2025/26 Audits	Date	Grade	Recommendations							Overall Status
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			Priority 1	Priority 2	Priority 3	Progress				Overall Status
						Overdue	Revised	Ongoing	Closed	
Seized Property	24 October 2025	Substantial Opinion	0	0	2	0	0	0	2	
Joint Fleet Management	30 October 2025	Moderate Opinion	0	2	2	2	0	2	0	
Accreditation Management	21 November 2025	Limited Opinion	1	1	2	0	0	4	0	
Control Room & First Contact	17 February 2026	Substantial Opinion	0	0	0	0	0	0	0	
Totals			1	3	6	2	0	6	2	

Full details of all audit recommendations are in the Summary of Internal Audit Recommendations report below.



Summary of Internal
Audit Recommendation

2.2 **New Audits**

Since the last report to JIAC four audits have been completed, making ten recommendations.

2.3 **Overdue Recommendations**

Three recommendations have passed their implementation dates and remain outstanding.

Audit	Recommendation	Update	Original Date
Joint Governance – July 2025	Recommendation 2 – OPFCC and Fire – Policy and procedure review	The Head of Office is pulling a list together of the policies and procedures that require a review and then these will be allocated for review to appropriate staff members. – Update 16/02/26 The action relating to having a more comprehensive list of policy with identified review dates is completed. The policies relating to matters concerning HR have been collated and are with HR colleagues for review with the intention of merging these wherever possible with those of Northamptonshire Police. This work sits at the moment with a business manager in HR to take forward on our behalf. No current timescale for this work. Non HR based policy will in the future be taken to OPFCC SMT once a month to enable a three month forward plan for those matters that need review.	30 Oct 25
Joint Fleet Management – October 2025	Recommendation 1 - Force and Fire do not currently have a Fleet Management Strategy and	The Department shall be publishing a joint Asset Strategy which shall consolidate and have a single fleet strategy. This shall then be used to support deliverables across the capital replacement, Policing Plan and CMRP. The work is underway to	31 Dec 25

	supporting Implementation Plans in place	ensure in year actions are identified and reported upon. No updates received but links to the Asset Strategy that has now been presented to Fire SLT and FEM. Expected to be published by end of February 26.	
Joint Fleet Management – October 2025	Recommendation 4 - Engagement with sector Fleet Groups	This is supported and is aligned to temporary responsibilities role; this shall be part of the future role under the restructure. No updates received but links to the Asset Strategy that has now been presented to Fire SLT and FEM. Expected to be published by end of February 26.	31 Dec 25

2.4 **Recommendations With Revised Implementation Dates**

Six recommendations have revised implementation dates.

Audit	Recommendation	Update	Original Date	Revised Date
Identity Access Management – June 2024	Recommendation 2 - Multifactor Authentication for Fire AD Accounts	The mobile phone paper was presented to Fire SLT in late November, and they requested further work to define the different roles within Fire and identify the appropriate technology requirements for each role before approving the proposal to issue mobile phones to all users.	31 Dec 25	31 Dec 26
Identity Access Management – June 2024	Recommendation 4 - Password Management Tool Implementation	The procurement process has now progressed, and this will be a direct award vis the Northants IT framework. DDaT will await contract details once finalised. On track	31 Mar 25	01 Oct 26
Asset Management – October 2024	Recommendation 1 - Lack of Equipment and Inventory Checks	The workstreams to support this is now embedded and work is underway to validate the data in Redkite. The actions need to be realigned to allow for consultation, staff moves and then commencement.	30 Nov 25	31 Aug 26
Asset Management – October 2024	Recommendation 2 - Lack of updated policies and procedures.	The policy has now been presented to Fire SLT and the Force Executive Meeting. Commentary received back has been minimal and will be reviewed with ACO before publication.	30 Sep 25	28 Feb 26
Asset Management – October 2024	Recommendation 3 - Lack of equipment testing.	As above for recommendation 1	30 Nov 25	31 Aug 26
Joint Estates Management – August 2025	Recommendation 1 - Completion of stock condition surveys	Owing to delays in finalising the estates delivery plan, and increased volumes of work against a backdrop of reduced capacity in Q3 25/26 this shall need to be pushed back until end of Q1 26/27 – pending confirmation of Commercial and Property P1s	30 Jan 26	30 Jun 26

2.5 Completed Recommendations

Fourteen recommendations have been completed since the last report to JIAC.

Audit	Recommendation	Update
Identity Access Management – June 2024	Recommendation 1 - Lack of Periodic User Access Reviews	Having reviewed the original audit scope, the focus of this recommendation was to implement a regular regimen of Windows AD access reviews. The sys admin team now have consistent scripts running that identify changes such as add or removal to AD accounts.
Identity Access Management – June 2024	Recommendation 5 - Completion of Access Changes	This audit action is linked to ITSM platform development, which has progressed significantly with core capabilities in place, including automated handling of access-related documentation and updated procedures for manual attachment where required.
IT Asset Legacy Management – June 2024	Recommendation 1 - Automated scanning of hardware and software is not used to identify inaccuracies in the IT asset register	Automated scanning of hardware and software to identify inaccuracies in the IT asset register has been addressed through ITSM platform development, with key components such as SSO, APIs, and asset uploads implemented.
Asset Management – October 2024	Recommendation 4 - Reliance on spreadsheet for the Vehicle Maintenance and Records	The provision of Appliance maintenance has now transferred to the external contractor, and we have now moved onto their approved system to manage all the relevant records for maintenance of the fleet. Internal processes have also been reviewed and amended in line with JOT to ensure timely and efficient management of servicing and maintenance.
Workforce Planning – February 2025	Recommendation 1 – No formal succession plans for critical roles	Further responses received from departments and collated into spreadsheet showing roles and identified scoring. Further meeting scheduled for 4th February with Workforce Planning to review list and confirm those roles considered critical. this is a starting point, and a review will be conducted on a regular basis and other roles added / removed as required. Work has been ongoing to identify a mechanism for succession planning to the critical roles and an additional box will appear on the talent tile with the ability to select any of the critical roles. This process will be implemented with the start of the new PDR in April 2026.
Business Continuity & Emergency Planning Follow Up	Recommendation 1 - Annual Testing Programme	All plans continue to be exercised on a rolling basis.
Procurement and Supply Chain – June 2025	Recommendation 1 - Sending timely reminders to suppliers within frameworks	The additional administrative resource is now in place and processes have been revisited to ensure consistency of approach. In addition to the internal processes, the expectations for suppliers have been strengthened within the framework paperwork for the new pensions framework and has been clearly outlined to all new suppliers for the IT framework. The improvements against this objective will be monitored and quality assured over the next 12 months.

Joint Governance – July 2025	Recommendation 1 - Chief Fire Officer's expenses not published online	This is done on a monthly or bi-monthly basis and is published on the NFRS website.
Police and Fire IT Governance – July 2025	Recommendation 1 - Lack of an Organisational Cyber Security Policy	Draft completed and presented to Chief Digital Officer in October 2025.
Police and Fire IT Governance – July 2025	Recommendation 2 - Lack of Consolidated Portfolio Planning	There was an agreement with CFO and paper to SLT in Sept last year on how projects would be managed in Fire; review held with CFO that agreed the approach (23/8/24). This governance has been implemented ACFO Jim Powell has introduced and chairs a Fire Change Improvement Board (CIB). Members include Fire SLT and DDaT.
Police and Fire IT Governance – July 2025	Recommendation 3 - Unclear links between governance bodies	The intent of this action has been addressed through the organisational restructure and the introduction of ES-wide tasking and tracking meetings. These mechanisms ensure DDaT governance is integrated within wider governance.
Police and Fire IT Governance – July 2025	Recommendation 4 - Data Quality Assurance Procedure	Data quality strategies for both organisation have been drafted and disseminated for review and comment. The data quality working group continues to drive best practice and oversight of all data quality activities in both organisations, and there remains an escalation process within both organisations
Seized Property - October 2025	Recommendation 1 - Cash Exhibit Handling and Location Discrepancies	All actions were completed following the audit.
Seized Property - October 2024	Recommendation 2 - Discrepancy Between Niche Listings and Physical Locations	<ol style="list-style-type: none"> 1. Reinforce training for officers - L&D contacted to offer to review training and provide further guidance if required. EP Team already remind officers of the EP process during briefing sessions. 2. Continue to perform weekly audits - Already in place on ongoing. 3. Introduce a mandatory check-out protocol for officers - There are signs to remind officers to check out any items they remove from stores. This is also covered in briefings given to officers and a reminder is to be issued on ForceNet. The EP team conduct regular audits to identify any missing items.

3 COLLABORATION AUDITS

3.1 Overall Status

2024/25 Audits	Date	Grade	Recommendations
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			Priority 1	Priority 2	Priority 3	Progress				Overall Status
						Overdue	Revised	Ongoing	Closed	
EMSOU – Data Governance and Security	11 April 2025	Substantial Opinion	0	1	1	1	0	0	1	
EMSOU – Wellbeing & EDI	29 May 2025	Moderate Opinion	0	2	2	0	0	4	0	
Totals			0	3	3	1	0	4	1	

3.2 Overdue Recommendations

One recommendation has passed its implementation date and remains outstanding.

Audit	Recommendation	Update	Original Date
EMSOU – Data Governance and Security – April 2025	Recommendation 1 - Incomplete Information Asset Register	EMSOU should ensure that the information asset registers are kept updated and that information owners are clear on their responsibilities in completing all relevant sections. Action agreed. Update requested but not yet received.	01 Jul 25

3.3 Completed Recommendations

One recommendation has been completed since the last report to JIAC.

Audit	Recommendation	Update
EMSOU – Data Governance and Security – April 2025	Recommendation 2 - Security Handbook Not Updated	EMSOU should ensure that Security Handbook is updated on a regular basis, and that contact details of members of staff is accurate. Action agreed. Update 01/07/25 - Handbook has been updated

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

None.

ENVIRONMENTAL IMPLICATIONS

None

Author:

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Chief Officer Portfolio Holder:

Paul Bullen, Assistant Chief Officer

Background Papers:

Summary of Internal Audit Recommendations for JIAC March 2026.

HMICFRS update

Author: Sarah Peart, Strategy & Improvement Manager and Force Liaison Officer

Decision required: For Information, Joint Independent Audit Committee

Date: 16th February 2026

Version: 1

Security Classification: Official

**Strategy &
Innovation Unit**

NORTHAMPTONSHIRE
POLICE
Fighting Crime. Protecting People.



1. Inspections

1.1 PEEL Inspection

The force was subject to a HMICFRS PEEL fieldwork inspection in January 2026.

The inspection took place over several months during which the performance of the force was assessed against 9 core inspection PEEL assessment frameworks (PAF); these are different to the previous PEEL cycle. This PEEL Cycle also includes a Custody Inspection for some forces; Northamptonshire Police was selected for this as part of this cycle.

The force will receive its initial “de-brief” on 19th February with the final report and gradings expected in the Spring.

The force has already implemented changes and initiated work in order to address some of the areas highlighted during the inspection, rather than wait for the final report to arrive.

1.2 Firearms Licensing Inspection

The force was 1 of 6 forces selected to participate in a HMICFRS Thematic Inspection for a Firearms and Explosives Licensing Unit Inspection.

HMICFRS gave notice of the inspection in August 2025, with a requirement for documents, case file reviews, interviews, focus groups and reality testing. The inspection in force took place w/c 15th December for 1 week.

A formal de-brief was provided in January 2026 where no causes of concern were raised. Areas of learning/improvements were identified as well as good practice noted. The force is awaiting a copy of the draft report, to review for factual accuracy.

The final report is due to be published in the summer.

1.3 National Child Protection Inspection

[Northamptonshire Police: National child protection inspection - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services](#)

This force was subject to a re-visit in November 2026 where progress against AFIs was assessed. As a result of the visit, 3 AFIs were closed down and good progress noted against the remainder. Progress of these is governed through the Child Vulnerability Board, chaired by the Assistant Chief Constable.

2. Continuous Improvement Plan 2024 – 2026

The force delivered a root and branch review of each Peel Assessment Framework (PAF) area, as performed ahead of the inspection, to help leaders get ahead of any internally identified areas for improvement.

The Deputy Chief Constable has strategic oversight and grip of all inspection activity. This is managed through the Continuous Improvement Board, meeting monthly and attended by senior leaders and subject matter experts. This Board considers the forces direction of travel in relation to all HMICFRS Recommendations and AFIs, following all publications. It also ensures the Force Management Statement (FMS), during the creation stages, progresses in a timely manner.

The force Continuous Improvement Plan will be updated post PEEL inspection, in preparation for the next 2 years.

3. Thematic HMICFRS Inspection activity

HMICFRS has commenced a thematic inspection into Safety Advisory Groups (SAGs); Northamptonshire Police has not been selected to participate in this inspection. However, have been asked, along with all

forces, to provide information in terms of the force's use of SAGs. This has been completed and returned.

4. Conclusion

The force is confident it has the appropriate oversight in place to address its areas for improvement, and that Strategy and Improvement have the right structure and governance in place for the Deputy Chief Constable to address concerns through the Continuous Improvement Plan and Board.



**Strategy &
Innovation Unit**

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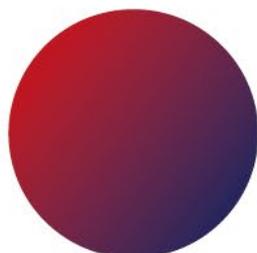
Agenda Item 9a.

Treasury Management Strategy 2026/27

Northamptonshire Police, Fire &
Crime Commissioner (OPFCC) - POLICE

Author: Joint Finance Team

Version Control: 1



1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as “the management of the organisation’s investments and cash flows, 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.”

CIPFA Prudential Code for Capital Finance in Local Authorities

- 1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).
- 1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 1.4. The Police, Fire and Crime Commissioner (PFCC) is required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

- 1.5. The PFCC’s Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

- 1.6. The PFCC’s Treasury Management Practices (TMPs) will set out the manner in which the PFCC will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 1.7. The PFCC’s TMPs Schedules will cover the detail of how the PFCC will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the PFCC’s Chief Finance Officer.

2. The Treasury Management Strategy

- 2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the PFCC’s treasury management activity, including the PFCC’s

investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

- 2.2. The PFCC's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:
- The PFCC's capital financing and borrowing strategy for the coming year.
 - Policy on borrowing in advance of need.
 - Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt.
 - The Affordable Borrowing Limit.
 - The Annual Investment Strategy for the coming year, including creditworthiness policies.
- 2.3. The strategy considers the impact of the PFCC's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.
- 2.4. The PFCC regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the PFCC's Corporate Governance Framework.

3. Current Treasury Management Position

- 3.1. The PFCC's projected treasury portfolio position at 1st April 2026, with forward projections into future years, is summarised below. Table 1 shows the actual forecast external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).
- 3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the PFCC's underlying borrowing need.
- 3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Capital Financing Requirement

Forecast Borrowing and Investment Balances	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Forecast £'000	Budgeted £'000	Estimated £'000	Estimated £'000	Estimated £'000	Estimated £'000
External Borrowing at 1st April b/fwd	22,200	23,881	49,271	69,518	76,270	84,306
Net Borrowing Requirement to fund Capital Programme	5,000	28,825	25,712	14,058	16,461	11,319
Debt repayment	(500)	(600)	(200)	(200)	(200)	(12,200)
MRP	(2,819)	(2,836)	(5,264)	(7,106)	(8,225)	(9,086)
CFR - Borrowing at 31 March c/fwd	23,881	49,271	69,518	76,270	84,306	74,339
Investments at 31 March c/fwd	1,949	1,838	5,000	5,000	5,000	5,000
Net Borrowing	21,932	47,432	64,518	71,270	79,306	69,339

3.4. There are a number of key indicators to ensure that the PFCC operates its activities within well-defined limits. Among these the PFCC needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage borrowing for investment purposes, nor difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The PFCC's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 4th February 2026

Interest Rate Forecasts								
Bank Rate	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
MUFG CM	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Cap Econ	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%
Cap Econ	4.70%	4.60%	4.50%	4.50%	4.50%	4.40%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%
Cap Econ	5.20%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%
Cap Econ	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%
Cap Econ	5.60%	5.50%	5.40%	5.20%	5.20%	5.20%	5.20%	5.20%

4.2. The economic situation in the UK resulted in a steep interest increase which impacted early 2024/25. In December 2024 the Bank of England base rate decreased to 4.5%

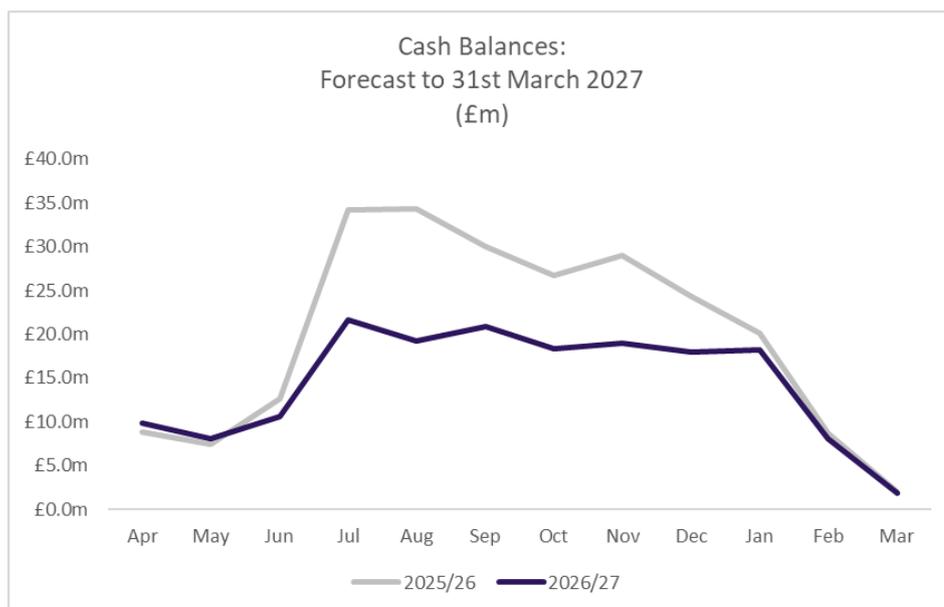
compared to 5.25% in March 2023. The Bank of England forecasters were expecting base rate to begin to dip in the short term future, falling to 4.05% from 4.5% during the final quarter of 2026/27. The table above shows the interest rates reducing quicker than estimated in 2025/26. The table shows a further decline in the interest rates, leveling to 3.25% for Quarter 3 2026/27. The latest forecast of the PWLB interest rates from our Treasury Advisors is shown for a variety of loan terms.

- 4.3. Investment returns are likely to slightly decrease in 2026/27 from the interest earned in 2025/26 due to the decrease in rates, and then continue to decline over the medium term.
- 4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of PFCC capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:
- PWLB will not lend to a PFCC who intends to buy investment assets primarily for yield.
 - Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November 2020.

5. **Managing daily cash balances and investing surpluses**

- 5.1. In order that the PFCC can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is lower than £5k where possible. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the current account.

At any one time during 2026/27, the PFCC is estimated to have between £1m and £22m (depending on the cash flow of both revenue and capital financing) available to invest. This is a result of the timing difference between funding receipts and the expenditure requirement. The average cash available to invest throughout 2026/27 is expected to be £14.5m and the comparison of 2025/26 to 2026/27 is as follows:



5.2. The reduced surplus cash for 2026/27 is due to the cost of delivering the Capital Programme.

5.3. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the PFCC's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.

5.4. The decline and increase in cash balances represented above occurs with the:

- Receipt of Annual Managed Expenditure (AME) Grant for police officer pensions during July.
- The costs associated with police officer pensions being expended throughout the financial year.
- Repayment of PWLB loans and planned borrowing.
- Precept income being receivable over the first 10 months of the financial year.

6. Borrowing Strategy

6.1. The overarching objectives for the PFCC's borrowing strategy are as follows:

- To manage the PFCC's debt maturity profile. This is achieved by monitoring short- and long-term cash flow forecasts in tandem with balance sheet analysis.
- To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.
- To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.

- 6.2. The PFCC is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) will not be fully funded with loan debt as cash supporting the PFCC's reserves, balances and cashflow has been used as an alternative measure.
- 6.3. The sources of borrowing;
- PWLB – the OPFCC will receive a 'Certainty Rate' which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
 - Local Authorities, particularly for short-term borrowing.
 - NCFRA (Fire Funds) – this Strategy enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both s151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).
- 6.4. Caution will be adopted with the 2026/27 treasury operations against this background and the risks within the economic forecast. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officers so the PFCC may adopt a pragmatic approach to changing circumstances. For example:
- If it was felt that there was a significant risk of a sharp FALL of 25% or more in long and short-term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate).
 - If it was felt that there was a significant risk of a much sharper RISE of 25% or more in long- and short-term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

- 7.1. There is a requirement under the Local Government Act 2003 for Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The Prudential Code was most recently updated in 2021.
- 7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

- 8.1. The PFCC's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this policy may be reviewed should it be prudent to do so, subject to support by the OPFCC Chief Finance Officer.

9. Debt Rescheduling

- 9.1. The PFCC may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:

- the generation of cash savings and/or discounted cash flow savings.
- helping to fulfil the treasury strategy regarding the capitalised asset purchases.
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

- 9.2. Any rescheduling activity decision must be recommended by the OPFCC Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

- 10.1. The PFCC is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP) if it is prudent to do so.

- 10.2. MHCLG Regulations require the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The PFCC is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

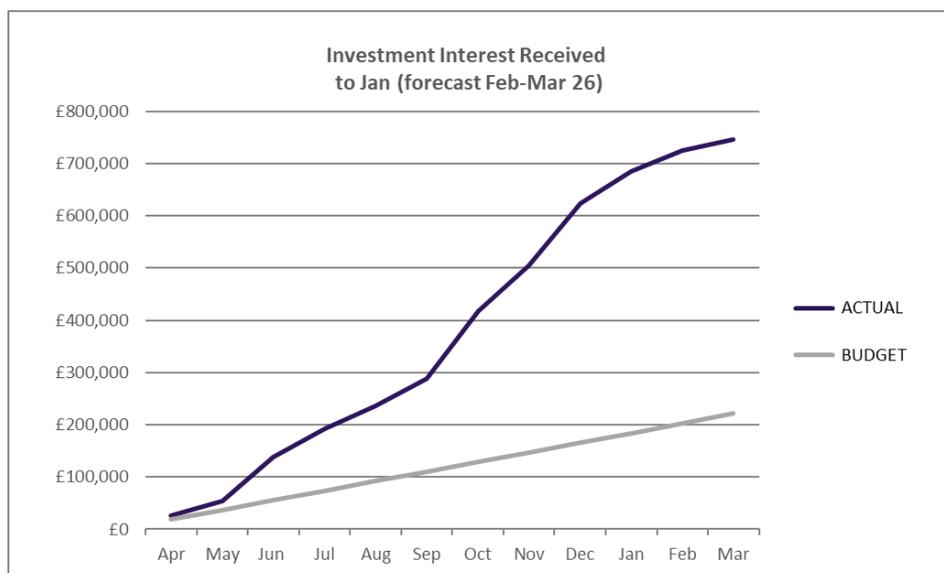
11. Investment Strategy

- 11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.

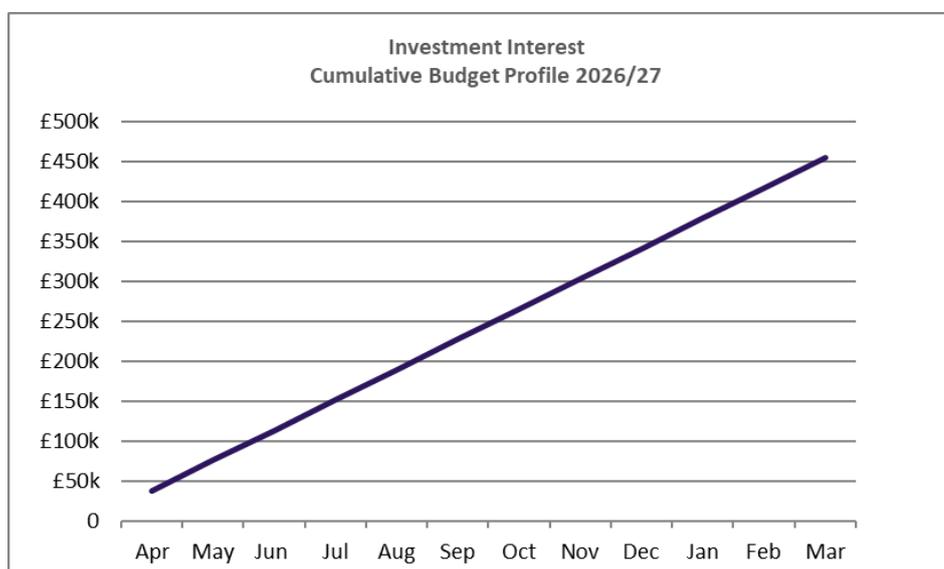
- 11.2. The PFCC's general policy objective is to invest its surplus funds prudently. As such the PFCC's investment priorities, in priority order, are:

1. Security of the invested capital.
2. Liquidity of the invested capital.
3. Yield received from the investment.

- 11.3. The following graph demonstrates interest earned (cumulative) against the profiled budget, projected to the end of the financial year for 2025/26:



- 11.4. The following graph demonstrates the forecast interest to be earned (cumulative) against the profiled budget for 2026/27 with the effect of borrowing in quarter 4 2026/27:



- 11.5. The PFCC expects to invest all surplus funding and it is forecast over the medium term that interest rate returns are expected to decrease. The average cash balances from those is expected to remain consistent with peaks in July following the receipt of grant income with reductions in available levels through to the end of each financial year. An estimate of possible income is as follows:

	2025-26 Estimated £'000	2026-27 Budgeted £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Interest Rate	3.76%	3.14%	3.25%	3.25%	3.25%	3.25%
Average Investment balance	19,831	14,481	7,500	7,500	7,500	7,500
Forecast Income	746	455	244	244	244	244

11.6. The PFCC's Investment Strategy is detailed in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

- 12.1. The PFCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the PFCC's approved Treasury Management Practices.
- 12.2. The Schedule of Treasury Management Practices set out the ways in which the PFCC seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

- 12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the PFCC has no control.
- 12.4. Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the PFCC's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the Treasury Management Strategy, and in line with the PFCC's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next Treasury Management report.

13. Capital Strategy

- 13.1. CIPFA's revised 2021 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:
- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
 - an overview of how the associated risk is managed.
 - the implications for future financial sustainability.

- 13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 13.3. The PFCC publishes a Capital Strategy which is aligned to the Police, Fire and Crime Plan. The Capital Strategy will be reviewed and updated in line with the Police, Fire and Crime Plan for 2026/27.

14. Treasury Management Reporting

- 14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

- a) **Treasury Management Strategy and Prudential and Treasury Indicators** (this report – essential report)

This report is forward-looking and covers:

- the capital plans (including prudential indicators)
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy (how the investments and borrowings are to be organised), including treasury indicators.
- an Investment Strategy (the parameters on how investments are to be managed)

- b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c) **An annual treasury outturn report** (essential)

This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Treasury Management Budget	2025-26 Estimated £'000	2026-27 Budgeted £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Interest payable on borrowing	810	689	1,793	2,705	3,291	3,898
Minimum Revenue Provision	2,819	2,836	5,264	7,106	8,225	9,086
Revenue Contribution to Capital Outlay	1,000	1,066	1,066	1,066	1,066	1,066
Total	4,629	5,860	7,901	7,311	8,901	8,901

15.2. Budget estimates will be revised during the year to reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

16.1. The PFCC recognises that responsibility for treasury management decisions always remains with the organisation. The PFCC also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.

16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently MUFG (previously known as Link Group).

17. Future Developments

17.1. Public bodies are having to consider innovative strategies to improve service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the "General Power of Competence": "A PFCC has power to do anything that individuals generally may do." The Act opens up the possibility that a PFCC can use derivatives as part of their treasury management operations.

The PFCC has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The PFCC may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The PFCC has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018, this was amended 1st January 2026 for guidance with ESG (Environmental, Social and Governance) linked investments. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This however does not have a material impact upon the traditional treasury management investments the PFCC will undertake.

18. Training

- 18.1. The PFCC needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance of the treasury management function. Treasury management training will be considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

Appendix 1:	Treasury Management Policy Statement
Appendix 2:	Prudential & Treasury Indicators
Appendix 3:	Minimum Revenue Provision (MRP) Policy Statement
Appendix 4:	Annual Investment Strategy

Treasury Management Policy Statement

Northamptonshire Police, Fire and Crime Commissioner (PFCC) defines its treasury management activities as:

The management of the PFCC's investments and cash flows, 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.

The PFCC regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The PFCC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

- 1.1 The PFCC's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

- 1.2 This prudential indicator shows the PFCC's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

- 1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2025-26 Estimated £'000	2026-27 Budgeted £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Total Borrowing	24,000	49,000	70,000	76,000	84,000	74,000

- 1.4 The Operational Boundary is calculated by rounding the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

- 1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the PFCC's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- The PFCC is asked to approve the following Authorised Limit:

Authorised Limit	2025-26 Estimated £'000	2026-27 Budgeted £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Total Borrowing	26,400	59,900	77,000	83,600	92,400	81,400

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- **Maturity structure of borrowing;** these gross limits are set to reduce the PFCC's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (ie. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{(\text{Fixed rate borrowing} - \text{Fixed rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Variable rate calculation:

$$\frac{(\text{Variable rate borrowing} - \text{Variable rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Interest rate Exposures	2025-26 Upper	2026-27 Upper	2027-28 Upper	2028-29 Upper	2029-30 Upper	2030-31 Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%	50%

- 2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the PFCC's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the PFCC's revenue budget.
- 2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the PFCC's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years		50%
2 years to 5 years		50%
5 years to 10 years		95%
10 years and above		100%

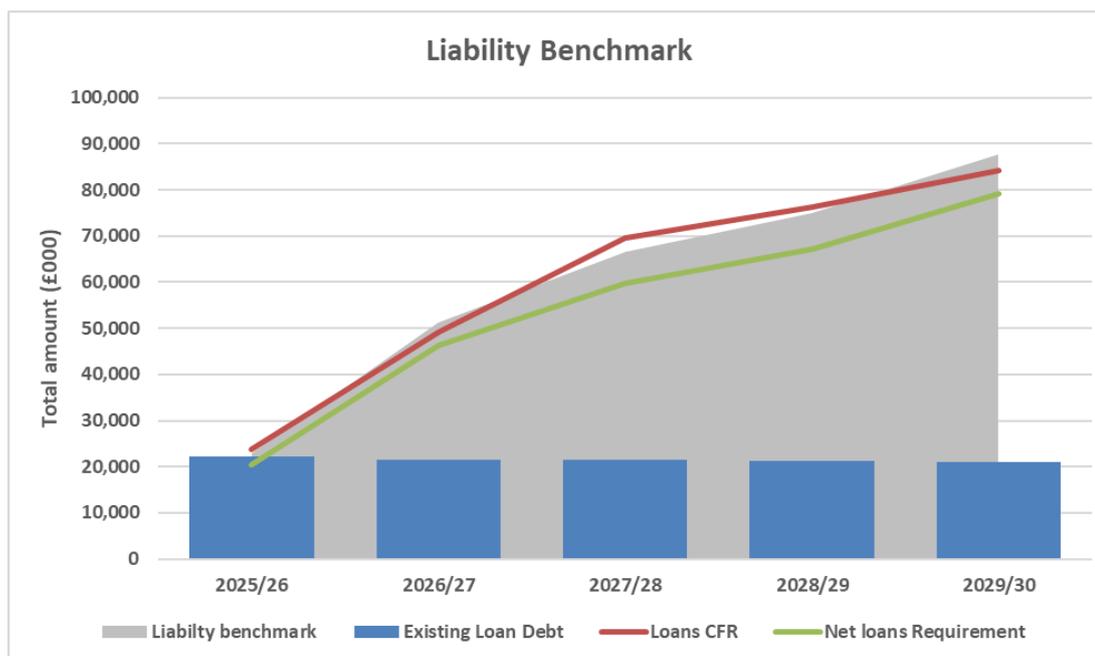
- 2.5 The below shows total of all PWLB loans alongside the repayment profile for future financial years of the maturity loans. It should be noted that the most recent £10m PWLB loan* is an EIP (Equal Instalments of Principal) loan, meaning that the principal is paid throughout the loan rather than at the end of the loan term, thus shown below with £9.2m outstanding as at 31st March 2026.

Financial Year	Debt £'000
2026/27	400
2030/31	12,000
2058/59	600
2071/72	* 9,200
Total Debt	22,200

- 2.6 The PFCC does not hold nor plan to hold investments during 2026/27 that exceed 365 days but may do so if it holds sufficient cash balances and such investments assist in the prudent management of the PFCC's financial affairs.

Liability Benchmark

- 2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that there is a strong grasp of both the existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cashflows affect the future debt requirement.



- 2.8 The current PFCC loans are all held with PWLB. The graph shows the current outstanding amounts, and the forecasted CFR loan requirement required to deliver the capital programme. The difference between the net borrowing and liability benchmark (gross loans requirement) represents the excess funds available for the cash flow.

Affordability Prudential Indicator

- 2.9 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the PFCC's overall finances.
- 2.10 The PFCC is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.
- 2.11 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers:

Actual and estimate of financing costs to net revenue stream	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Financing costs to net revenue stream	2%	3%	4%	3%	4%	4%

APPENDIX 3

Minimum Revenue Provision Policy Statement

- 1.1 The PFCC is required to repay an element of the accumulated General Fund capital expenditure each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP) and is also allowed to undertake additional voluntary payments if required.
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) have issued regulations that requires the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

- 1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.
- 1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. However, the PFCC reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

- 1.6 The PFCC will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

- 1.7 The PFCC may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

Annual Investment Strategy

1 Investment Policy

- 1.1 MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 1.2 The PFCC’s appetite for risk must be clearly identified in its strategy report. The PFCC affirms that investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the PFCC will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.
- 1.3 Responsibility for risk management and control lies within the PFCC and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

- 2.1 The PFCC’s counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the PFCC’s Investment Strategy.
- 2.2 The PFCC defines high credit quality in terms of investment counterparties as those organisations that are:
 - Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody’s and Standard and Poor’s)
 - UK banking or other financial institutions, or are;
 - UK national or local government bodies, including bonds, or are;
 - Triple-A rated Money Market funds.
- 2.3 The PFCC will assess the credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties will be supplemented with the following overlays:
 - Credit watches and credit outlooks from credit rating agencies.
 - Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings.

- 2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The PFCC will always apply these duration limits to the investments, unless otherwise approved by the Chief Finance Officer.
- 2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the PFCC's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.
- 2.6 The PFCC will also use market data, financial press, and information on any external support for banks to help support its decision-making process.
- 2.7 The PFCC recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:
- Strengthen or relax restrictions on counterparty selection.
 - Adjust exposure and duration limits.
- 2.8 Where this discretionary PFCC decision-making is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

- 3.1 The PFCC currently uses NatWest to provide day-to-day banking services. The PFCC may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of PFCC's Resources

- 4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).
- 4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.
- 4.3 The PFCC will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

4.4 The PFCC has the scope to support local communities with funding of social projects.

5 Specified Investments

5.1 The PFCC assesses that an investment is a specified investment if all the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (ie. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
 - The United Kingdom Government.
 - A PFCC in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
 - High credit quality is defined as a minimum credit rating as outlined in this strategy.

Instrument	Minimum 'High' Credit Criteria	Maximum Amount
Debt Management Agency Deposit Facility (DMADF)	-	No maximum
Call Accounts with the PFCC's bankers	-	No maximum
Certificate of Deposits	A / A3 / A	£8m per banking group.
Term Deposits - Banks and Building Societies	A / A3 / A-	
Term Deposits - Local Authorities and Housing Associations	Considered on an individual basis	
Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs): -		
Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per single/group in total

5.2 The PFCC may enter into forward agreements up to 1 month in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

5.3 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

- 6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).
- 6.2 At this point in time, the PFCC has no plans to invest in any non-specified investments.

7 Investments Defined as Capital Expenditure

- 7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.
- 7.2 Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.
- 7.3 A loan, grant or financial assistance provided by this PFCC to another body will be treated as capital expenditure if the PFCC would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

- 8.1 If any of the PFCC's investments appear at risk of loss due to default (ie. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the PFCC will make revenue provision of an appropriate amount.

9 End of Year Investment Report

- 9.1 At the end of the financial year, the PFCC will report on its investment activity as part of its Annual Treasury Outturn Report.

10 Governance Arrangements

- 10.1 By approving this strategy, the PFCC is setting the framework from which treasury activity will be conducted and reported.
- 10.2 The OPFCC Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the OPFCC Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.

- 10.3 The OPFCC Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity. In the absence of the OPFCC Chief Finance Officer their deputy can approve the investments, who will report any investments placed.
- 10.4 Any other amendments to this strategy must be approved in line with the PFCC's Corporate Governance Framework.



Treasury Management Strategy 2026/27

Northamptonshire Commissioner Fire &
Rescue Authority (NCFRA)

Author: Joint Finance Team

Version Control: 1



1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

- 1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as “the management of the organisation’s investments and cash flows, 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.”

CIPFA Prudential Code for Capital Finance in Local Authorities

- 1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).
- 1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 1.4. The Northamptonshire Commissioner Fire & Rescue Authority (NCFRA) is required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

- 1.5. The NCFRA’s Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

- 1.6. The NCFRA’s Treasury Management Practices (TMPs) will set out the manner in which the NCFRA will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 1.7. The NCFRA’s TMPs Schedules will cover the detail of how the NCFRA will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the NCFRA’s Chief Finance Officer.

2. The Treasury Management Strategy

- 2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient

management of the NCFRA's treasury management activity, including the NCFRA's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

- 2.2. The NCFRA's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:
- The NCFRA's capital financing and borrowing strategy for the coming year.
 - Policy on borrowing in advance of need.
 - Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt.
 - The Affordable Borrowing Limit.
 - The Annual Investment Strategy for the coming year, including creditworthiness policies.
- 2.3. The strategy considers the impact of the NCFRA's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.
- 2.4. The NCFRA regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the NCFRA's Corporate Governance Framework.

3. Current Treasury Management Position

- 3.1. The NCFRA's projected treasury portfolio position at 1st April 2026, with forward projections into future years, is summarised below. Table 1 shows the actual forecast external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).
- 3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the NCFRA's underlying borrowing need.
- 3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Capital Financing Requirement

Capital Financing Requirement	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
External Borrowing at 1st April b/fwd	2,970	12,736	30,878	57,245	62,691	63,381
Net Borrowing Requirement to fund Capital Programme	10,299	18,747	27,192	7,131	2,982	4,508
Debt Repayment	(83)	(83)	(83)	(83)	(83)	(83)
MRP	(451)	(522)	(743)	(1,602)	(2,210)	(2,341)
CFR - Borrowing at 31 March c/fwd	12,736	30,878	57,245	62,691	63,381	65,465
Investments at 31 March	391	3,054	5,000	5,000	5,000	5,000
Net Borrowing	12,344	27,824	52,245	57,691	58,381	60,465

3.4. There are a number of key indicators to ensure that the NCFRA operates its activities within well-defined limits. Among these the NCFRA needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage borrowing for investment purposes, nor difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The NCFRA's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 4th February 2026

Interest Rate Forecasts								
Bank Rate	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
MUFG CM	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%
Cap Econ	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%
Cap Econ	4.70%	4.60%	4.50%	4.50%	4.50%	4.40%	4.40%	4.40%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%
Cap Econ	5.20%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
25Y PWLB RATE								
MUFG CM	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%
Cap Econ	5.90%	5.80%	5.70%	5.60%	5.60%	5.50%	5.50%	5.50%
50Y PWLB RATE								
MUFG CM	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%
Cap Econ	5.60%	5.50%	5.40%	5.20%	5.20%	5.20%	5.20%	5.20%

4.2. The economic situation to the UK resulted in a steep interest increase which impacted early 2024/25. In December 2024 the Bank of England base rate decreased to 4.5% compared to 5.25% in March 2023. The Bank of England forecasters were expecting base rate to begin to dip in the short term future, falling to 4.05% from 4.5% during

the final quarter of 2026/27. The table above shows the interest rates reducing quicker than estimated in 2026/27. The table shows a further decline in the interest rates, leveling to 3.25% for Quarter 3 2026/27. The forecast table above shows the current forecast of the PWLB interest rates from our Treasury Advisors.

4.3. Investment returns are likely to slightly decrease in 2026/27 from the interest earned in 2025/26 due to the decrease in rates and lower anticipated cash balances, and then continue to decline over the medium term.

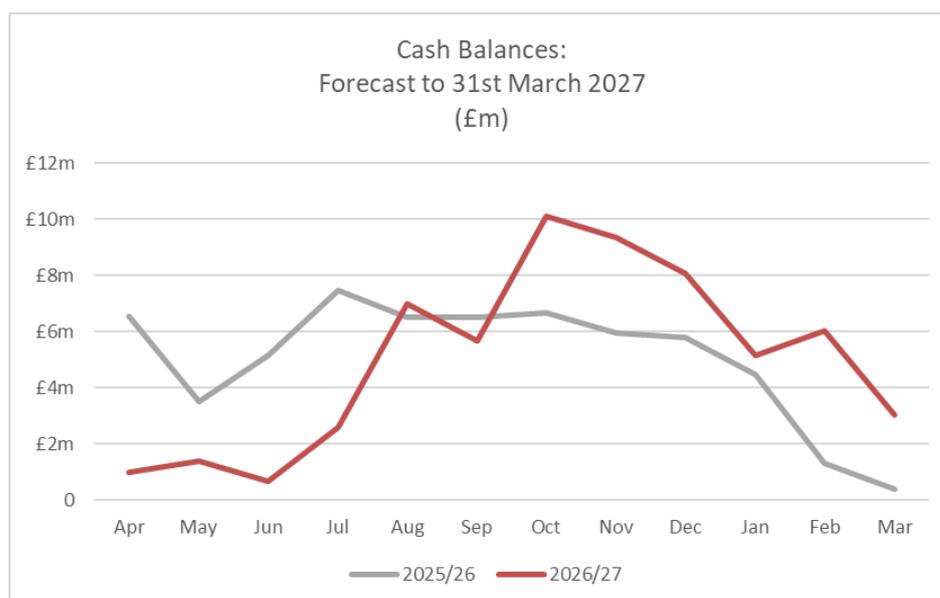
4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of PFCC capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:

- PWLB will not lend to a PFCC who intends to buy investment assets primarily for yield.
- Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November 2020.

5. Managing daily cash balances and investing surpluses

5.1. In order that the NCFRA can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is usually always lower than £10k where possible. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the Natwest account in order to safeguard funds.

5.2. The average cash available to or forecast to invest throughout 2025/26 including a projection of 2026/27 is as follows, which includes fluctuations due to the timing of borrowing for capital expenditure.



- 5.3. At any one time, the NCFRA tries to maintain between £0.5m and £15.0m (depending on the cash flow of both revenue and capital financing) available to invest. Where this is not possible due to the utilisation of Internal Borrowing to support the costs of the capital programme in order to reduce debt costs, the NCFRA will ensure that positive cash flows are maintained using short term borrowing where necessary.
- 5.4. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the NCFRA's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.
- 5.5. The increase and decline in cash balances represented above occurs with the:
- Receipt of Annual Managed Expenditure (AME) Grant for firefighter pensions during August.
 - The costs associated with the firefighter pensions being expended throughout the financial year.
 - Repayment of PWLB loans and planned borrowing.
 - Precept income being receivable over the first 10 months of the financial year.

6. Borrowing Strategy

- 6.1. The overarching objectives for the NCFRA's borrowing strategy are as follows:
- To manage the NCFRA's debt maturity profile. This is achieved by monitoring short- and long-term cash flow forecasts in tandem with balance sheet analysis.
 - To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.
 - To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators; this is achieved by monitoring of economic commentary to undertake sensitivity analysis.
- 6.2. The NCFRA is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) will not be fully funded with loan debt as cash supporting the NCFRA's reserves, balances and cash flow has been used as a temporary measure.
- 6.3. The sources of borrowing;
- PWLB – the NCFRA will receive a 'Certainty Rate' which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
 - Local Authorities, particularly for short-term borrowing.
 - OPFCC (Police funds) – this Strategy enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity

has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both s151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).

6.4. Caution will be adopted with the 2026/27 treasury operations against this background and the risks within the economic forecast. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officer so the NCFRA may adopt a pragmatic approach to changing circumstances. For example:

- If it was felt that there was a significant risk of a sharp FALL of 25% or more in long- and short-term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate).
- If it was felt that there was a significant risk of a much sharper RISE of 25% or more in long and short-term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

7.1. There is a requirement under the Local Government Act 2003 for Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The Prudential Code was most recently updated in 2021.

7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

8.1. The NCFRA's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this policy may be reviewed should it be prudent to do so, subject to support by the Chief Finance Officer.

9. Debt Rescheduling

9.1. The NCFRA may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:

- the generation of cash savings and/or discounted cash flow savings.
- helping to fulfil the treasury strategy regarding the capitalised asset purchases.

- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.2. Any rescheduling activity decision must be recommended by the Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

10.1. The NCFRA is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP) if it is prudent to do so.

10.2. MHCLG regulations have been issued which requires the NCFRA to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The NCFRA is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

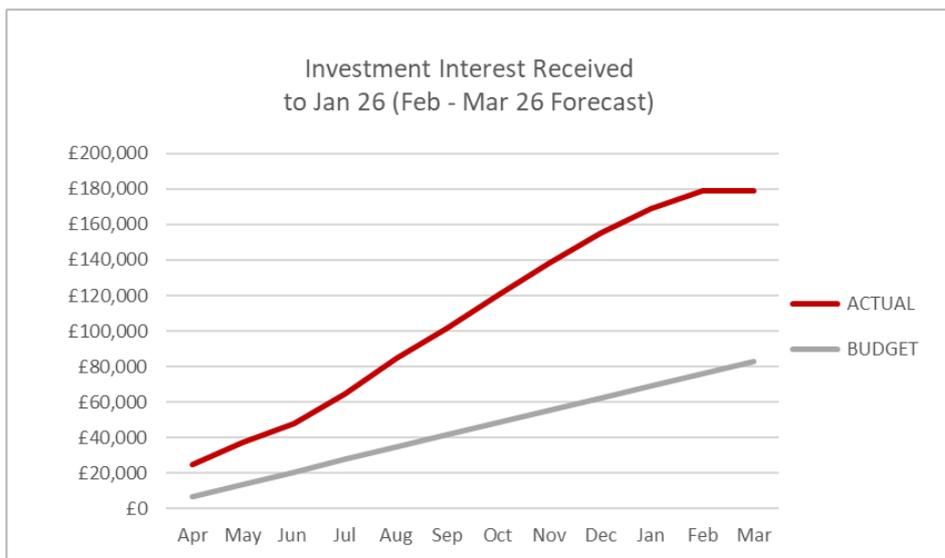
11. Investment Strategy

11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.

11.2. The NCFRA's general policy objective is to invest its surplus funds prudently. As such the NCFRA's investment priorities, in priority order, are:

1. Security of the invested capital.
2. Liquidity of the invested capital.
3. Yield received from the investment.

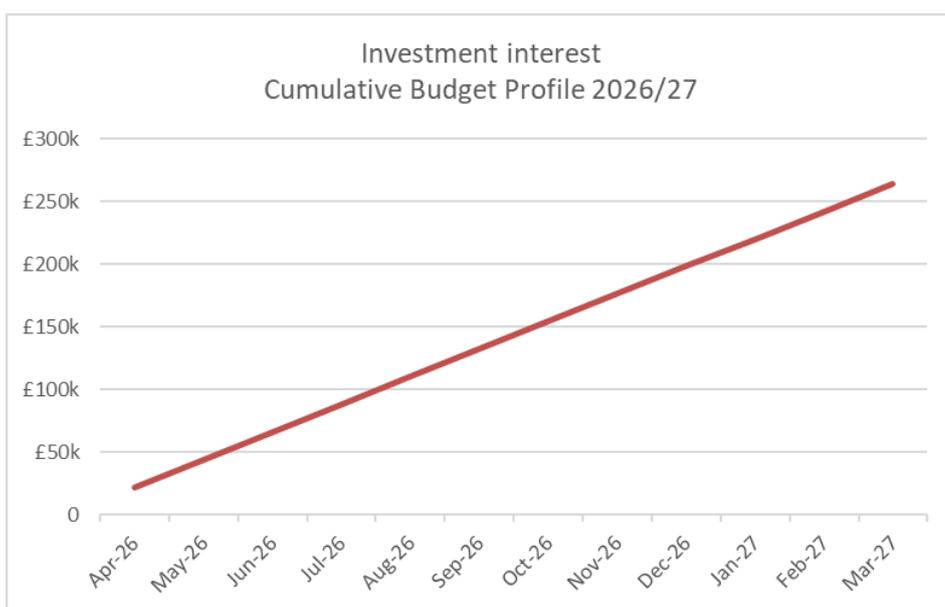
11.3. The following graph demonstrates interest earned (cumulative) against the profiled budget, projected to the end of the financial year for 2025/2026:



11.4. The NCFRA expects to invest all surplus funding and is forecast over the medium term that interest rate returns are expected to decrease. The average cash balances from those is expected to remain consistent with peaks in August following the receipt of grant income with reductions in available levels through to the end of each financial year. An estimate of possible income is as follows:

	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Interest Rate	3.57%	5.29%	3.00%	3.00%	3.00%	3.00%
Average Investment balance	5,010	4,995	5,000	5,000	5,000	5,000
Forecast Income	179	264	150	150	150	150

11.5. The following graph shows the profiled interest income budget for 2026/27:



11.6. The NCFRA's Investment Strategy is shown in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

12.1. The NCFRA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the NCFRA's approved Treasury Management Practices.

12.2. The Schedule of Treasury Management Practices set out the ways in which the NCFRA seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the NCFRA has no control.

Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the NCFRA's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the NCFRA's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next available Treasury Management report.

13. Capital Strategy

13.1. CIPFA's revised 2021 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed.
- the implications for future financial sustainability.

13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

13.3. NCFRA publishes a Capital Strategy which is aligned to the Police, Fire and Crime Plan. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan for 2026/27.

14. Treasury Management Reporting

14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

a) **Treasury Management Strategy and Prudential and Treasury Indicators** (this report – essential report)

This report is forward-looking and covers:

- the capital plans (including prudential indicators)
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators.
- an Investment Strategy, (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **An annual treasury outturn report** (essential)

This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Treasury Management Budget	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Interest payable on borrowing	141	251	1,097	1,984	2,228	2,363
Minimum Revenue Provision	451	522	743	1,602	2,210	936
Revenue Contribution to Capital	300	300	300	300	300	300
Total	892	1,073	2,140	3,886	4,738	3,599

15.2. Budget estimates will be revised during the year to reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

- 16.1. The NCFRA recognises that responsibility for treasury management decisions always remains with the organisation. The NCFRA also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.
- 16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently MUFG (previously known as Link Group).

17. Future Developments

- 17.1. Public bodies are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the “General Power of Competence”: “A PFCC has power to do anything that individuals generally may do.” The Act opens up the possibility that a PFCC can use derivatives as part of their treasury management operations.

The NCFRA has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The NCFRA may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The NCFRA has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018, this was amended 1st January 2026 for guidance with ESG (Environmental, Social and Governance) linked investments. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This does not have a material impact upon the traditional treasury management investments the NCFRA will undertake.

18. Training

18.1. The NCFRA needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance of the treasury management function. Treasury management training will be considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

Appendix 1:	Treasury Management Policy Statement
Appendix 2:	Prudential & Treasury Indicators
Appendix 3:	Minimum Revenue Provision (MRP) Policy Statement
Appendix 4:	Annual Investment Strategy

Treasury Management Policy Statement

Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) defines its treasury management activities as:

The management of the NCFRA's investments and cash flows, 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.

The NCFRA regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The NCFRA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

- 1.1 The NCFRA's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

- 1.2 This prudential indicator shows the NCFRA's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

- 1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the Capital Financing Requirement (CFR), but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Total Borrowing	13,000	31,000	58,000	63,000	64,000	66,000

- 1.4 The Operational Boundary is calculated here by rounding the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

- 1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the NCFRA's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- The NCFRA is asked to approve the following Authorised Limit:

Authorised Limit	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Total Borrowing	14,300	34,100	63,800	69,300	70,400	72,600

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- **Maturity structure of borrowing;** these gross limits are set to reduce the NCFRA's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (ie. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{(\text{Fixed rate borrowing} - \text{Fixed rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Variable rate calculation:

$$\frac{(\text{Variable rate borrowing} - \text{Variable rate investments})}{\text{Total borrowing} - \text{Total investments}}$$

Interest rate Exposures	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
	Upper	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%	50%

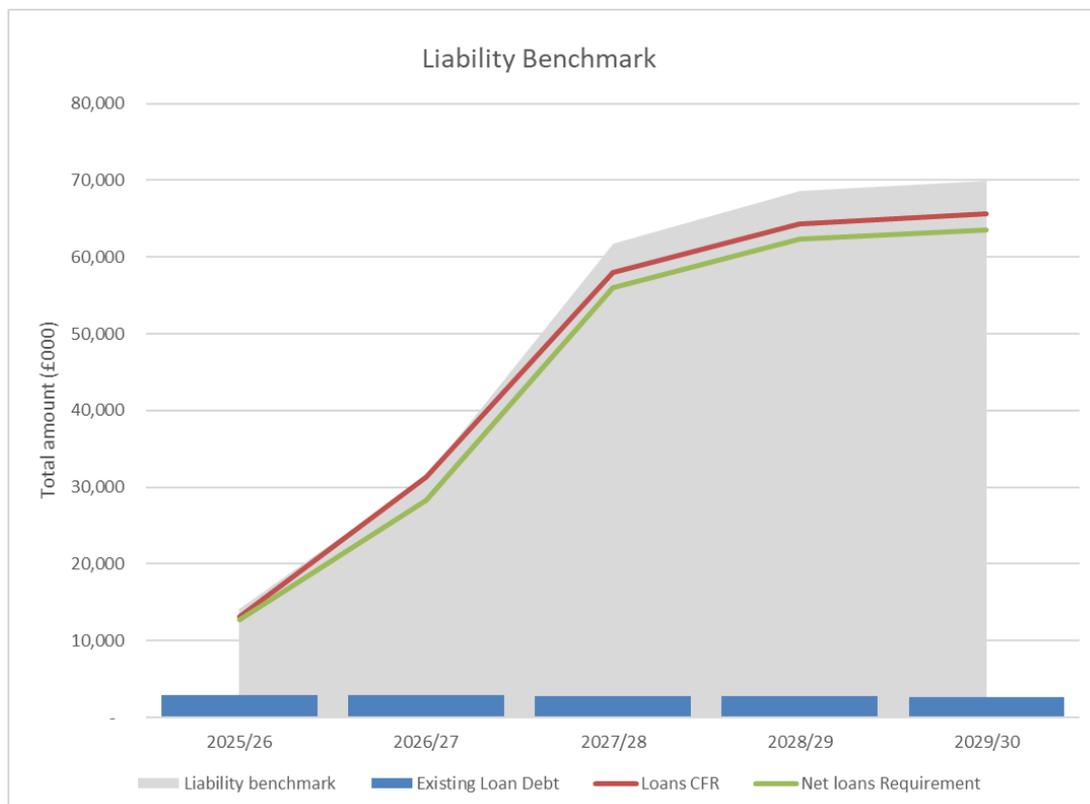
- 2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the NCFRA's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the NCFRA's revenue budget.
- 2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the NCFRA's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	75%
12 months to 2 years		75%
2 years to 5 years		80%
5 years to 10 years		80%
10 years and above		100%

- 2.5 The only current loan is from PWLB, taken in 2021 over 40 years on a EIP (Equal Instalments of Principal) basis, meaning that the principal is paid throughout the loan rather than at the end of the loan term. £3.300m was taken and the principal balance as at 31st March 2026 will be £2.888m. The loan matures in 2061.
- 2.6 The NCFRA does not expect to hold any investments that exceed 365 days but may do so in the future if it holds sufficient cash balances and such investments assist in the prudent management of the NCFRA's financial affairs.

Liability Benchmark

2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that it has a strong grasp of both its existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cash flows affect the future debt requirement.



2.8 Currently, the only NCFRA loan is held with PWLB. The graph shows the current outstanding loan and the forecasted CFR loan requirement to deliver the Capital Programme.

Affordability Prudential Indicator

2.9 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the NCFRA’s overall finances.

	2025-26 Forecast £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000	2030-31 Estimated £'000
Financing costs to net revenue stream	3%	3%	5%	9%	11%	8%

2.10 The NCFRA is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing

and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.

- 2.11 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers.

Minimum Revenue Provision Policy Statement

- 1.1 The Northamptonshire Commissioner, Fire and Rescue Authority (NCFRA) is required to repay an element of the accumulated General Fund capital spend each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.
- 1.2 The Ministry of Housing, Communities and Local Government (MHCLG) have issued regulations that requires the NCFRA to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

- 1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.
- 1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. However, the PFCC reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- 1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

- 1.6 The NCFRA will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

- 1.7 The NCFRA may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

Annual Investment Strategy

1 Investment Policy

- 1.1 MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 1.2 The NCFRA’s appetite for risk must be clearly identified in its strategy report. The NCFRA affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the NCFRA will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.
- 1.3 Responsibility for risk management and control lies within the NCFRA and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

- 2.1 The NCFRA’s counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the NCFRA’s Investment Strategy.
- 2.2 The NCFRA defines high credit quality in terms of investment counterparties as those organisations that are:
 - Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody’s and Standard and Poor’s)
 - UK banking or other financial institutions, or are;
 - UK national or local government bodies, including bonds, or are;
 - Triple-A rated Money Market funds.
- 2.3 The NCFRA will assess the credit ratings from the three main credit rating agencies, Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties will be supplemented with the following overlays:
 - Credit watches and credit outlooks from credit rating agencies.
 - Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings.

- 2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The NCFRA will apply these duration limits to its investments at all times, unless otherwise approved by the Chief Finance Officer.
- 2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the NCFRA's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.
- 2.6 The NCFRA will also use market data, financial press, and information on any external support for banks to help support its decision-making process.
- 2.7 The NCFRA recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:
- Strengthen or relax restrictions on counterparty selection.
 - Adjust exposure and duration limits.
- 2.8 Where this discretionary NCFRA decision-making is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

- 3.1 The NCFRA currently uses NatWest to provide day-to-day banking services. The NCFRA may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of NCFRA's Resources

- 4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).
- 4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.
- 4.3 The NCFRA will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

4.4 The PFCC has the scope to support local communities with funding of social projects.

5 Specified Investments

5.1 The NCFRA assesses that an investment is a specified investment if all of the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (ie. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
 - The United Kingdom Government.
 - An Authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
 - High credit quality is defined as a minimum credit rating as outlined in this strategy.

Instrument	Minimum 'High' Credit Criteria	Maximum Amount
Debt Management Agency Deposit Facility (DMADF)	-	No maximum
Call Accounts with the NCFRA's bankers	-	No maximum
Certificate of Deposits	A / A3 / A	£8m per UK banking group.
Term Deposits - Banks and Building Societies	A / A3 / A	
Term Deposits - Local Authorities and Housing Associations	Considered on an individual basis	
Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs):		
Money Market Funds (CNAV, LVNAV or VNAV)	AAA MMF rating	£2m per individual/ group in total

5.2 The NCFRA may enter into forward agreements up to 1 months in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

5.3 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

- 6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).
- 6.2 At this point in time, the NCFRA has no plans to invest in any non-specified investments.

7 Investments Defined as Capital Expenditure

- 7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.
- 7.2 Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.
- 7.3 A loan, grant or financial assistance provided by this NCFRA to another body will be treated as capital expenditure if the NCFRA would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

- 8.1 If any of the NCFRA's investments appear at risk of loss due to default (ie. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the NCFRA will make revenue provision of an appropriate amount.

9 End of Year Investment Report

- 9.1 At the end of the financial year, the NCFRA will report on its investment activity as part of its Annual Treasury Outturn Report.

10 Governance Arrangements

- 10.1 By approving this strategy, the NCFRA is setting the framework from which treasury activity will be conducted and reported.
- 10.2 The Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.

- 10.3 The Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity. In the absence of the Chief Finance Officer his deputy can approve the investments, who will report any investments placed.
- 10.4 Any other amendments to this strategy must be approved in line with the NCFRA's Corporate Governance Framework.



Joint Independent Audit Committee

4th March 2026

AGENDA ITEM: 11

REPORT BY	OPFCC/NCFRA Chief Finance Officer
SUBJECT	Joint Independent Audit Committee (JIAC) – Rolling Agenda Plan
RECOMMENDATION	To discuss the agenda plan

1. Background

1.1 The agenda plan incorporates statutory, good practice and agreed scrutiny items.

ROLLING AGENDA PLAN 2026

		Frequency required	25 th February Workshop Governance Structures	4 th March 2026	1 st July 2026	7 th October 2026	November accounts workshops	December 2026 date TBC	March 2027 Date TBC
	Confirmed agenda to be circulated			23/01/2026	22/05/2026	28/08/2026			
	Deadline for reports to be submitted			20/02/2026	19/06/2026	25/09/2026			
	Papers to be circulated			25/02/2026	24/06/2026	30/09/2026			
Restricted	Meeting of members and Auditors without Officers Present	Once per year			Meeting of members and Auditors without Officers Present			Meeting of members and Auditors without Officers Present	
Public	Apologies	Every meeting		Apologies	Apologies	Apologies		Apologies	Apologies
Public	Declarations	Every meeting		Declarations	Declarations	Declarations		Declarations	Declarations
Public	Meetings log and actions	Every meeting		Meetings log and actions	Meetings log and actions	Meetings log and actions		Meetings log and actions	Meetings log and actions
Public	JIAC annual report	Annually			JIAC annual report				
Public	External Auditor Reports – Grant Thornton	Every meeting		External Auditor reports	External Auditor reports	External Auditor reports		External Auditor reports	External Auditor reports
Public	Internal Auditor reports (progress)	Every meeting		Internal Auditor progress reports	Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports	Internal Auditor progress reports
Public	Internal Audit Plan and Year End Report	Once a year for NCFRA and PFCC & CC		Internal Audit Plans 2026/27 NCFRA, PFCC and CC	Year End Reports 2024/25				Internal Audit Plans 2026/27 NCFRA, PFCC and CC
Public	Update on Implementation of internal audit recommendations	Twice a year for NCFRA and PFCC & CC		Audit implementation update of internal audit recommendations PFCC and CC	Audit implementation update of internal audit recommendations NCFRA	Audit implementation update of internal audit recommendations PFCC and CC		Audit implementation update of internal audit recommendations NCFRA	Audit implementation update of internal audit recommendations PFCC and CC
Public	HMICFRS updates	2 per year per organisation		CC - HMICFRS update	NCFRA – HMICFRS Update	CC - HMICFRS update		NCFRA – HMICFRS Update	CC - HMICFRS update
Public	Fraud and Corruption: Controls and processes	Once a year for NCFRA and PCC & CC				NCFRA - Fraud and Corruption: Controls and processes		Policing - Fraud and Corruption: Controls and processes	
Public	Budget plan and MTFP process and	Annually for all				NCFRA, CC and PFCC - Budget plan and MTFP process and			

		Frequency required	25 th February Workshop Governance Structures	4 th March 2026	1 st July 2026	7 th October 2026	November accounts workshops	December 2026 date TBC	March 2027 Date TBC
	plan update and timetable					plan update and timetable			
Public	Statement of accounts	Annually for all (subject to audit timescales)		External Audit Update	External Audit Update	External Audit Update		External Audit Update	External Audit Update
Public	Treasury Management Strategy	Annually for all		NCFRA, CC and PFCC - Treasury Management Strategy					NCFRA, CC and PFCC - Treasury Management Strategy
Public	Attendance of PFCC, CC and CFO	Annually for all							
Restricted	Risk register update (including current risk policy as an appendix)			NCFRA Risk Register (including current risk policy as an appendix)		PFCC Risk register (including current risk policy as appendix)		CC Risk register (including current risk policy as appendix)	NCFRA Risk Register (including current risk policy as an appendix)
Restricted	Climate Change and Sustainability	One off							
Public	PCC28 updates	Every meeting		PCC28 updates	PCC28 updates	PCC28 updates		PCC28 updates	PCC28 updates