The Chartered Institute of
Public Finance & Accountancy

Review into Former South Yorkshire Office of Police and Crime Commissioner Accounting and Budgetary Issues

For South Yorkshire Combined Mayoral Authority (SYMCA)

June 2026

A Report by:
The Chartered Institute of Public Finance and Accountancy

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

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1. Executive Summary

Purpose of the report

This report, commissioned by the Mayor of South Yorkshire and conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA), investigates the financial management of the former South Yorkshire Office of the Police and Crime Commissioner (OPCC). The review focuses on understanding how significant accounting and budgetary omissions occurred, particularly in relation to the Minimum Revenue Provision (MRP), and whether these failures were the result of isolated errors, structural weaknesses, or broader financial oversight issues. It is not intended to evaluate South Yorkshire Mayoral Combined Authority's (SYMCA) handling of the issues post-transfer, nor will it act as an audit of or reassessment of the accuracy of SYMCA's recalculations of MRP omissions since support in these areas has been provided separately.

Background

On assuming responsibility for the Police and Crime Commissioner for South Yorkshire, SYMCA identified that between 2018/19 and 2023/24, the former Office of the Police and Crime Commissioner (OPCC) had arranged the financing of approximately £65 million in capital investment through borrowing, but the corresponding MRP charges had not been applied nor recognised in budgeting. This omission resulted in under-provision in the published accounts, an overstatement of revenue reserves and contributed to a projected shortfall of £49.5 million in the Medium-Term Resourcing Strategy (MTRS) of the Force. These discrepancies therefore had significant and immediate implications for financial reporting and planning and potentially led to decisions based on incomplete data which could ultimately affect the financial sustainability of SYMCA.

Conclusions

The issues identified at the former South Yorkshire OPCC arose from a combination of technical misjudgements, systemic weaknesses in financial governance and understanding, and failures across the wider assurance framework. These shortcomings were not solely the result of misunderstanding or misfortune; they reflect weaknesses in governance, scrutiny, and professional challenge in reviewing a key accounting policy across all three lines of defence.

Isolated Errors:

The failure to properly apply MRP in accordance with the CIPFA capital accounting code of practice stemmed from a fundamental misinterpretation of statutory guidance. A key assumption—that MRP applied only to external borrowing—was incorrect. This error, introduced early in the period under review, was embedded into routine practice and accepted year-on-year without challenge or reconsideration. In any event, no accounting or budgetary provision was made in relation to the £65m of financed investment over the period in question.

Structural Weaknesses:

The former OPCC did not have the maturity in its financial governance arrangements to manage a statutory requirement as technically demanding as MRP. Responsibilities were poorly defined, oversight was inconsistent, and there was no internal validation of MRP calculations. No evidence was identified of a structured competency framework or formal validation mechanisms for MRP oversight.

Governance Shortcomings and Missed Opportunities:

Oversight and review from other bodies did not detect the misapplication of MRP. While Internal Audit and the Joint Independent Audit Committee operated broadly within their defined roles, they did not escalate or test risks that should have triggered concern. External treasury advisors and auditors, though working their contracts and codes of audit practice and not responsible for validation, were in positions to potentially observe inconsistencies between MRP charges and the Authority's rising Capital Financing Requirement. The absence of escalation or scrutiny contributed to a missed opportunity to ensure that statutory charges were being applied prudently. More broadly, the case raises a sector-wide question about whether current audit and assurance codes of practice are sufficiently attuned to detecting cumulative risks that fall outside the current NAO audit code of audit practice.

Evaluation of the Three Lines of Defence

First Line – Operational Management

The former OPCC's internal finance team lacked the technical knowledge relating to MRP (for reasons of structure, capacity and training)to meet the MRP requirements set out in the accounting code. Responsibility for calculating MRP falls on the Chief Finance Officer when setting the budget, the MRP Policy and in issuing the Section 25 statement. This was poorly defined, delegated informally, and not subject to internal review. Calculations were based on inherited practices and flawed assumptions, with no structured process to revisit or test their appropriateness. There was also insufficient integration between capital planning and revenue implications, leaving financing costs unaccounted for in investment decisions. The governance model used in South Yorkshire diverged from standard practice, where MRP calculations are typically performed by Force finance teams under SLA. This lack of shared responsibility limited assurance and contributed to the initial error.

Second Line – Oversight and Compliance

The Joint Independent Audit Committee and risk management frameworks did not recognise or escalate risks related to MRP. The Committee's focus remained high-level and lacked the technical knowledge to challenge detailed financial assumptions. Risk registers did not capture latent accounting risks, and there was no targeted training or support to help committee members interrogate statutory financial provisions and CIPFA guidance.

External treasury advisors were engaged to provide routine external treasury management advice. The advisors proposed to management an external, expert review of the MRP policy and its application, but this was not pursued. While their contracted remit did not include formal validation of MRP calculations, and the offer of an external review was turned down, the presence of visible inconsistencies may have warranted informal advisory flagging. Although not contractually required to review MRP policy, their strategic role placed them in a position to observe where core elements of the authority's financial strategy were misaligned with underlying indicators.

Third Line – Independent Assurance

Internal Audit did not include MRP policy or compliance in its audit plans, reflecting the risk assessment and audit coverage decisions in place at the time, despite reviewing related areas such as treasury strategy. While Internal Audit is not expected to re-perform technical calculations, representatives indicated that concerns had been raised over time in relation to elements of the assurance and risk framework, including senior management capacity and attention to key financial issues. These concerns highlight wider control environment considerations relevant to the matters identified in this review—particularly in an area with high statutory and financial risk.

External Audit described its approach as assessing whether the MRP treatment adopted was broadly in line with the authority-approved MRP Policy Statement and whether any resulting misstatement was material in a given year, in line with audit standards. Because, in the auditor's opinion, MRP charges were based on an approved policy and no single-year misstatement exceeded materiality thresholds, their approach did not require significant MRP charges to be recognised within the revenue account over the period 2019/20 to 2023/24. Because this shortfall was not recorded in the financial statements, it was not treated as a misstatement—yet it understated the cost of capital financing.

As required under auditing standards, the audit focused on consistency with the approved policy. External Audit also bore no responsibility for budgeting and the medium-term resource strategy, where the bulk of omissions fell. While this approach was consistent with prevailing standards and guidance, it points to a wider sector issue around how audit approaches account for cumulative or systemic financial risks.

Recommendations for Improvement

1. Clarifying MRP Responsibilities

Generic Recommendation:
The Chief Finance Officer's responsibility remains and we recommend that roles and responsibilities for MRP calculations are clearly defined within financial and accounting policies. This should include assigning explicit responsibility and ensure those responsible have the necessary technical expertise. There is a need to maintain up-to-date competency frameworks, supported by periodic training on treasury and capital finance

regulations including for relevant member groups as required under the treasury management code of practice.

Application to SYMCA:
SYMCA's existing practice addresses many of these gaps. The finance structure includes a clearly designated officer responsible for MRP within the Treasury and Capital team, reporting to the Chief Finance Officer with oversight responsibilities. Job descriptions specify MRP duties, and staff have relevant qualifications. The focus going forward should be on maintaining currency through regular technical updates and internal reviews of the competency framework and accounting policies.

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2. Strengthening checks on financial assumptions

Generic Recommendation:
Structured processes for reviewing and validating key financial calculations should be set out by the Chief Finance Officer, including MRP, before inclusion in Budget setting, S25 statements and appropriate policies and draft accounts. Ensure documentation of assumptions, internal challenge, and sign-off. Extend these practices to other complex areas such as reserves, capital financing requirement projections, and pension liabilities, ensuring cross-functional awareness of long-term financial risks. Align capital and revenue decision-making to ensure lifecycle affordability is always considered.

Application to SYMCA:
SYMCA has implemented an improved internal validation process for MRP, with oversight from a senior finance officer. It now includes structured sign-off and challenge. These processes should be maintained and periodically reviewed to ensure they remain compliant with evolving guidance. SYMCA should also continue to integrate revenue and capital planning, using routine internal review, treasury management advisors (as appropriate) and audit to test effectiveness.

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3. Ensuring Capital Investment Proposals Fully Consider MRP

Generic Recommendation:
Require all capital investment business cases to include a full assessment of MRP and long-term financing costs. Establish formal scrutiny mechanisms—before approval—by finance teams or governance committees. Ensure operational finance officers preparing investment proposals are trained to assess revenue implications of capital decisions, including MRP. Maintain regular joint planning sessions between operational and strategic finance teams to ensure affordability risks are shared and understood.

Application to SYMCA:
SYMCA has already embedded these practices. All investment cases from the Force are now subject to review under SYMCA's corporate governance arrangements. These include

financial impact assessments, MRP projections, and approval through capital governance boards. Ongoing priorities include sustaining these standards and ensuring regular joint financial meetings with the Force continue to embed a shared understanding of revenue consequences.

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4. Enhancing Oversight by the Joint Independent Audit Committee

Generic Recommendation:
Provide Joint Independent Audit Committee members with structured training in areas like MRP, capital finance, and treasury management in line with CIPFA's prudential code requirements and financial management code. Ensure their terms of reference explicitly include oversight of key statutory provisions. Encourage committees to balance their focus on emerging strategic risks with scrutiny of fundamental financial control mechanisms. Audit committees should regularly review whether key statutory obligations—such as MRP, reserves, and borrowing limits—have appropriate assurance sources and are being effectively scrutinised.

Application to SYMCA:
The Joint Independent Audit Committee under SYMCA is already improving in structure and breadth of oversight. However, as MRP and other technical issues remain high-risk areas, further work is needed to ensure Committee members are equipped to challenge financial assumptions. Training for Committee members should include basic treasury and MRP concepts and include briefings from treasury management advisors. Terms of reference should be reviewed and, if necessary, updated to reflect this broader remit. Responsibility now sits with SYMCA's Audit Standards and Risk Committee.

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5. Improving Internal Audit Coverage of Statutory Provisions

Generic Recommendation:
Internal Audit should assess the clarity of ownership, assurance processes, and governance oversight of statutory provisions like MRP. While Internal Audit need not validate technical calculations, it should identify assurance gaps, raise limitations in coverage, and recommend further scrutiny where warranted. Internal Audit functions should contribute to assurance mapping exercises that clarify who is responsible for oversight of key financial policies and ensure gaps are escalated.

Application to SYMCA:
SYMCA's internal audit service is well placed to undertake this role, but MRP and other financial provisions should now be explicitly considered in the audit planning process—especially following recent history. Future audits should test governance and assurance

mechanisms rather than attempting recalculation. Internal Audit should be supported to escalate issues where technical risks sit outside its scope. The approved plan for 2025/26 included a review of Financial Management including Treasury Management.

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6. Embedding Broader Oversight Improvements

Generic Recommendation:
The MRP misstatement arose not solely from a single policy or accounting failure but from broader weaknesses in financial governance—particularly in the coordination of responsibilities, technical knowledge, and the absence of effective internal challenge. Public bodies should periodically assess the maturity of their financial governance frameworks. This includes clarifying statutory responsibilities, ensuring technical capacity for complex functions like MRP, mapping assurance coverage, and formalising escalation routes for financial risks. Improvements should be operationalised through clear schemes of delegation, strengthened competency frameworks, internal review mechanisms, and routine self-assessment against the CIPFA Financial Management Code. Audit committees and statutory officers also have a role in pressing for earlier identification and escalation of risks. This may include applying the lessons from this review to other statutory responsibilities such as reserves policy, treasury and debt management, capital financing strategies, and pension obligations.

Application to SYMCA:
SYMCA has already embedded a more robust governance model, supported by clearer financial roles, cross-functional coordination, and a strengthened finance team. It should continue to apply lessons from the MRP case by reinforcing professional training, formalising challenge and review processes for key financial calculations, and ensuring strategic alignment across capital strategy, treasury management, and revenue budgeting. The systems now in place for overseeing MRP should be applied as a benchmark for strengthening oversight across other statutory financial responsibilities.

2. Background, Scope, Purpose and Methods of the Review and the Report Structure

Background

On 7 May 2024, the Office of the South Yorkshire Police and Crime Commissioner (OPCC) was formally integrated into the South Yorkshire Mayoral Combined Authority (SYMCA), transferring all PCC functions to the Mayor. This transition was enacted through legislation, making the Mayor responsible for ensuring an efficient and effective police force across the region.

Shortly after the transfer, a joint statutory report from SYMCA's Chief Finance Officer and Monitoring Officer highlighted an area of significant financial mismanagement within the former OPCC. The report identified serious accounting omissions and budgetary errors, which had gone undetected in previous financial years. Specifically, the review found that the former OPCC had failed to comply with statutory requirements regarding MRP, a financial safeguard that ensures local authorities set aside funds to repay borrowing costs related to capital expenditure.

Further analysis of past financial statements revealed that between 2018/19 and 2023/24, approximately £65 million in capital investment had been financed through borrowing, yet no corresponding MRP charges had been recorded in the former OPCC's audited accounts nor included in future year budget estimates.

The implications of these omissions are serious. Without the correct MRP allocations, financial planning within the former OPCC was fundamentally flawed, meaning that budget decisions were made based on inaccurate financial data. The absence of these provisions also means that key decision-makers were presented with a misleading view of available resources, potentially leading to commitments that were not financially sustainable.

As these financial discrepancies have now transferred to SYMCA, the authority is responsible for rectifying the issue while also ensuring accountability for past errors. In response, the Mayor has commissioned this independent review from the Chartered Institute of Finance and Accountancy (CIPFA) to establish how these failures occurred, whether there were deeper systemic weaknesses in former OPCC financial governance, and what lessons can be learned to prevent such issues in the future.

Scope of the Review

The review was as detailed as was possible under the circumstances surrounding the financial management of the former OPCC, with a particular focus on how the accounting and budgetary omissions occurred. It scrutinised whether these failures were the result of isolated errors, structural deficiencies, or a broader lack of financial oversight. The review assessed how governance frameworks within the former OPCC failed to identify such significant miscalculations to persist over multiple financial years without detection.

A key area of inquiry was the effectiveness of financial controls within the former OPCC, including whether internal checks and balances were sufficient to ensure compliance with statutory financial obligations. The review also considered whether former OPCC Finance officers possessed the necessary technical expertise to manage complex treasury functions, particularly in relation to MRP requirements.

In addition to financial governance, the review examined the internal decision-making structures of the former OPCC, including the role of senior officers, auditors, and independent oversight bodies. The responsibilities of the Joint Independent Audit Committee were scrutinised, particularly its ability to challenge financial policies and ensure compliance with accounting regulations.

While the review primarily looked at historical financial management within the former OPCC, it also offers recommendations for strengthening financial controls within the broader governance structure now overseen by SYMCA. However, it is not intended to evaluate SYMCA's handling of the issue post-transfer, nor does it reassess the accuracy of SYMCA's recalculations of MRP omissions or act as an audit of the MRP calculations.

Key purpose

This review represents an important step in understanding how such a serious financial miscalculation could have taken place within the former OPCC and remained undetected for several years. By thoroughly investigating past failures, it aims to provide clarity on where accountability lies, as well as offer valuable lessons for improving financial governance in the future. Given the scale of the financial shortfall and its implications for policing budgets in South Yorkshire, it is hoped that this review will play a crucial role in ensuring transparency and restoring confidence in financial oversight within the region's policing.

Methods

Our approach comprised triangulation of evidence collected through two main means:

Desktop analysis

We asked to review key documents generated within the former OPCC relevant to the governance and management during the period the accounting errors took place. The team has analysed over 50 documents and reports, spreadsheets etc., many provided during the review. We also examined relevant comparator material from the wider public finance and policing sector to understand how similar statutory financial provisions are typically governed and applied.

Interviews

We interviewed the individuals holding the following key roles.

Role	Body
Chief Finance Officer	SYMCA
Deputy Chief Finance Officer – Financial Services	SYMCA
Deputy Chief Finance Officer – Strategic Finance	SYMCA
Former Chief Finance Officer	South Yorkshire Police
Chair	Joint Independent Audit Committee
Former Treasury Management Advisor	MUFG (formerly Link Group)
Former Internal Audit Lead	Barnsley Metropolitan Borough Council
Vice Chair	SYMCA Audit Risk and Standards Committee
Independent Member	Joint Independent Audit Committee
Current Internal Audit Lead	Azets
Former Deputy Chief Finance Officer	South Yorkshire Former OPCC
Former External Audit Senior Partner and Audit Team	Grant Thornton

While we interviewed a range of key personnel, it is important to note that we could not speak to every individual involved in the relevant financial processes. We were unable to interview the former Chief Finance Officer (CFO) of the former OPCC, who held statutory responsibility for MRP compliance during the period under review. However, we did speak to the Deputy CFO of the former OPCC—who had been delegated day-to-day responsibility for MRP—and the CFO of South Yorkshire Police. This limitation is acknowledged for transparency, but does not, in our view, materially affect the validity of our findings.

Prior to publication, SYMCA conducted a representations process with the draft report made available to a broader stakeholder group. Additional representations were considered from the following individuals:

Role	Body
Former Police and Crime Commissioner	South Yorkshire Former OPCC
Former Chief Executive & Monitoring Officer	South Yorkshire Former OPCC
Former Chief Finance Officer	South Yorkshire Former OPCC
Former Deputy Chief Finance Officer	South Yorkshire Former OPCC
Former Chief Finance Officer	South Yorkshire Police
Former Vice Chair	Joint Independent Audit Committee
Former Treasury Management Advisor	MUFG (formerly Link Group)
Former Internal Audit Lead	Barnsley Metropolitan Borough Council

CIPFA would like to take this opportunity to thank those we spoke to for being so amenable and open to meeting with the review team and the openness, tact, and honesty of those we interviewed.

Legal Caveats and Disclaimer

This report has been prepared based on available documentation, interviews, and financial records to provide an independent analysis of governance, financial oversight, and competency frameworks within the former OPCC and the current SYMCA structure. The findings presented herein are based on evidence gathered during the review process and are not intended to attribute personal blame or legal liability to any individual or organisation.

The observations and conclusions contained in this report:

- **Are based on information available at the time of reporting** and are subject to the accuracy and completeness of the data provided by relevant parties.
- **Reflect professional judgment and reasonable interpretation** of financial and governance issues but do not constitute a formal forensic audit or legal determination of wrongdoing.
- **Are not intended to impugn the integrity or professional standing of any individual** but rather to highlight structural weaknesses, procedural gaps, and areas for improvement in governance and financial management.
- **Acknowledge that financial regulations and guidance are subject to interpretation,** and that historical decisions may have been made in good faith based on the understanding at the time.
- **Recognise the role of multiple oversight bodies,** including external auditors, finance officers, and governance committees, while noting that systemic issues can result from collective misinterpretations rather than individual failings.
- **Do not constitute legal or financial advice.** Any decisions taken by relevant authorities in response to this report should be based on further legal, regulatory, and professional financial consultation.

Furthermore, where external audit practices are discussed, this report does not suggest wrongdoing, professional misconduct or negligence but rather identifies areas where oversight mechanisms may not have fully captured the financial implications of the former OPCC's MRP approach. The role of external auditors is considered within the broader context of governance effectiveness, regulatory requirements, and best practice standards.

Organisation of the report

The report is structured around the principles of public sector governance and the widely recognised Three Lines of Defence model, which offers a layered approach to risk management, internal control, and assurance. These lines aren't equal and primary responsibility sits with Management.

The model, endorsed by HM Treasury and CIPFA, defines the following governance layers:

1. First Line of Defence – Operational Management
   This includes the officers and teams responsible for day-to-day financial operations—such as setting and applying MRP policy, monitoring budgets, and ensuring compliance with statutory guidance. In South Yorkshire, this role was held by finance staff in the former OPCC and (post-2024) by SYMCA.

2. Second Line of Defence – Oversight and Compliance
   This includes governance bodies and internal challenge functions, such as the Joint Independent Audit Committee, risk managers, and internal oversight staff. Their

role is to provide monitoring, policy compliance assurance, and challenge to management decisions. They are expected to identify and escalate potential weaknesses in financial planning or control.

3. Third Line of Defence – Independent Assurance
This layer consists of internal[1] and external auditors, whose role is to independently assess whether financial controls and governance frameworks are operating effectively. They act as a backstop, flagging material errors, risks, or non-compliance that may have been missed by the first two lines.

The report is organised to identify where governance and oversight mechanisms failed across each of these lines:

Part	Section	What It Covers
3	Governance of Policing	Explains the local governance framework in South Yorkshire prior to May 2024, including responsibilities of the former OPCC and its oversight structures.
4	MRP and Its Oversight	Sets out what MRP is, why it matters, and how it should be applied under statutory guidance.
5	First Line of Defence	Describes how financial management within the former OPCC failed to apply MRP prudently or identify under provision.
6	Second Line of Defence	Assesses the effectiveness of oversight bodies, including Joint Independent Audit Committee and risk management processes, in detecting or challenging errors.
7	Third Line of Defence	Reviews how internal and external audit processes failed to respond to the under provision of MRP.

[1] In some interpretations of the three lines of defence model, Internal Audit is considered part of the second line. In this review, Internal Audit is included within the third line, to reflect its independence from operational and governance responsibilities

3. The Governance of Policing in South Yorkshire prior to May 2024

Governance in policing is essential for maintaining accountability, transparency, and efficiency in the management of public funds and resources. In South Yorkshire, this governance was framed by a locally agreed Joint Corporate Governance Framework (JCGF) between the Police and Crime Commissioner (PCC) and the Chief Constable, last updated in March 2023. This section describes how the South Yorkshire model of governance aligned with national expectations while embedding local structures, particularly in financial oversight and risk management. This governance model was in place until changes implemented in 2024.

Governance Structure and Statutory Context

In line with national legislation such as the Police Reform and Social Responsibility Act 2011 and the Policing Protocol Order 2023, the South Yorkshire PCC and Chief Constable operated as separate legal entities with distinct but interdependent roles. The PCC was responsible for the totality of policing in the area, holding the Chief Constable to account for the operational delivery of policing services. The Chief Constable retained operational independence and control of the Force.

The Joint Corporate Governance Framework in South Yorkshire incorporated a Local Code of Corporate Governance, a Scheme of Consent and Delegation, Financial Regulations, Contract Standing Orders, and a Memorandum of Understanding. These documents collectively defined how responsibilities were discharged, risks managed, and resources controlled.

Joint Governance in Financial Oversight

In South Yorkshire, financial governance was underpinned by the presence of two statutory Chief Finance Officers (CFOs): one for the PCC and one for the Chief Constable. Each CFO was professionally qualified and held responsibilities under Section 151 of the Local Government Act 1972. The PCC’s CFO oversaw financial strategy, budget setting, and assurance over financial propriety, while the Chief Constable’s CFO managed operational budgets and ensured compliance with financial regulations within the Force.

Delegated responsibilities were clearly set out in the Joint Scheme of Consent and Delegation, with defined thresholds and procedures for capital spending, procurement, and virement. This ensured that the Chief Constable could manage day-to-day operations within an agreed framework, while the PCC retained strategic and financial oversight.

Split of Responsibilities between former OPCC and the Police Force		
Area of Responsibility	**Police and Crime Commissioner (PCC) / former OPCC**	**Chief Constable / Police Force**
Budget Setting & Financial Planning	Sets the overall budget and precept (local policing tax) for the Force. Determines the allocation of funding across operational and strategic priorities.	Manages the delegated budget within the framework set by the PCC. Ensures budget allocation aligns with operational needs.
Financial Governance & Oversight	Holds the Chief Constable accountable for financial management and ensures transparency in financial governance.	Implements financial controls within the Force and ensures compliance with financial regulations.
Financial Decision-Making Authority	Approves major financial decisions, such as capital investments, funding allocations, and budget adjustments.	Makes financial decisions at an operational level, ensuring efficiency in spending and cost control.
Compliance with Financial Regulations	Ensures adherence to statutory financial requirements and oversees the Chief Finance Officer (CFO) to maintain compliance.	Ensures financial procedures and expenditures align with regulatory and best practice requirements.
Audit & Assurance	Oversees internal and external audits, ensuring financial transparency and compliance. Engages with the Joint Independent Audit Committee to review financial performance.	Supports audits by providing required financial information and implementing recommended improvements. Works with internal audit to monitor compliance.
Risk Management	Establishes strategic financial risk management policies and ensures proper risk mitigation measures are in place.	Identifies and mitigates financial risks at an operational level, reporting key risks to the PCC and governance committees.
Procurement & Contracts	Oversees procurement strategy and contract approvals, ensuring financial sustainability and value for money.	Manages procurement within operational budgets, ensuring services and goods are acquired in accordance with procurement regulations.
Financial Reporting	Ensures financial accountability by requiring regular financial reports from the Chief Constable. Reports financial performance to stakeholders and the public.	Prepares financial reports on Force expenditure, budget performance, and compliance with financial policies.
Treasury & Investment Management	Ensures the appropriate investment of police funds and borrowing strategies comply with regulations and financial sustainability principles.	Works with financial officers to manage cash flow, reserves, and treasury functions in alignment with PCC policies.

Oversight Committees and Assurance Mechanisms

The Public Accountability Board (PAB) was the central mechanism through which the PCC held the Chief Constable to account. The PAB was held in public, with published agendas and reports, providing transparency on financial performance, operational delivery, and risk.

The Joint Independent Audit Committee supported both the PCC and Chief Constable by providing independent scrutiny of financial governance, internal controls, and risk management. In accordance with CIPFA guidance, the Committee reviewed internal and external audit reports, oversaw the assurance framework, and evaluated the effectiveness of financial and risk management arrangements.

The internal audit service was delivered under a shared contract by Barnsley Metropolitan Borough Council, which provided assurance across both the former OPCC and South Yorkshire Police. Internal Audit operated in line with Public Sector Internal Audit Standards and reported jointly to the two CFOs and the Joint Independent Audit Committee. While not tasked with validating technical accounting treatments such as MRP, Internal Audit focused on governance, risk management, and internal control systems.

External audit was conducted in accordance with the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice. Up until the audit year 2023/24, the external auditor for the former OPCC and South Yorkshire Police was Grant Thornton, appointed through the PSAA national framework. For subsequent financial years, SYMCA's external auditor—KPMG—took over responsibility for issuing the auditor's opinion and are now the auditor SYMCA are working with to resolve accounting issues through the 2024/25 accounts and beyond. The external audit role was to provide independent assurance on the financial statements and to assess whether the organisation had proper arrangements in place for securing value for money.

Risk Management and Shared Responsibilities

The governance arrangements explicitly recognised the importance of integrated risk management across both the former OPCC and the Force. The JCGF included a Joint Risk Management Strategy and Joint Risk Management Statement. These instruments defined responsibilities for identifying, assessing, and mitigating strategic and operational risks. Risks were reported to a Joint Independent Audit Committee and reviewed periodically by senior officers from both entities.

4. Minimum Revenue Provision (MRP) and its Oversight

Minimum Revenue Provision (MRP) is a key statutory requirement designed to ensure that borrowing undertaken for capital investment is repaid over time from the revenue budget. In policing bodies, where both operational demands and capital investment pressures are high, MRP plays a critical role in maintaining long-term financial sustainability. This section explains the statutory basis for MRP, outlines the calculation methods available to policing bodies, and describes the respective responsibilities for setting, calculating, and accounting for MRP within the governance framework.

What is Minimum Revenue Provision (MRP)?

Minimum Revenue Provision (MRP) is a statutory requirement under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended[2], which mandates that local authorities and policing bodies set aside sufficient revenue each financial year to cover the cost of borrowing for capital expenditure. The purpose of MRP is to ensure that public sector bodies repay their borrowing liabilities over a period reasonably commensurate to the useful economic lives of the acquired assets, preventing undue financial strain on future budgets.

How is MRP Calculated?

The size of MRP payments can be substantial, depending on the level of borrowing undertaken by the former OPCC. MRP charges are accounted for within the revenue budget, impacting the overall financial resources available for operational policing. They are recorded in the financial statements, typically appearing within the revenue expenditure section as a charge against the general fund.

It applies to Internal Borrowing as much as External Borrowing

MRP must be set aside to cover both external and internal borrowing. The current statutory guidance is explicit on this point. However, earlier guidance — which applied for much of the period under review — was less direct. While it did not exempt internal borrowing from MRP, it did not spell out the requirement as clearly as the current guidance does. The 2019 guidance stated that MRP could only be nil where the capital financing requirement was itself nil or where prior overpayments had been made — and since internal borrowing contributes to the capital financing requirement, MRP was

[2] The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended (including 2024 amendments)**
https://www.legislation.gov.uk/uksi/2003/3146

implicitly required. The underlying statutory obligation to make prudent provision for the repayment of debt however financed applied throughout the period.

External borrowing refers to loans taken from external lenders, such as the Public Works Loan Board (PWLB) or commercial banks to finance capital investments. Internal borrowing occurs when capital expenditure is temporarily financed using the organisation's cash reserves instead of external loans, with the expectation that these reserves will be replenished over time. The table below identifies the reason MRP needs to be charged on internal as well as external borrowing.

Reasons for the need to charge MRP on internal borrowing		
Reason	**Explanation**	**How It Relates to MRP Principles**
Ensuring Intergenerational Fairness	Internal borrowing, like external borrowing, funds capital projects that provide long-term benefits. Without MRP, future taxpayers may face financial shortfalls to cover past spending.	MRP ensures that each generation pays its fair share of the cost of capital projects over their useful life.
Preventing Distortions in Financial Decision-Making	If MRP applies only to external borrowing, authorities may structure finances artificially by relying on internal borrowing to avoid MRP charges.	MRP should be applied consistently to prevent manipulation and ensure prudent financial management.
Recognising Internal Borrowing as a Real Liability	Internal borrowing depletes reserves that must be replenished over time. Without MRP, an authority may underestimate its financial liabilities.	MRP ensures that all borrowing, whether internal or external, is treated as a financial obligation requiring repayment.
Maintaining Financial Resilience and Stability	Reserves are often earmarked for specific future needs. If spent on capital projects without MRP, the authority may face funding gaps when those reserves are needed.	MRP prevents hidden financial risks, ensuring that financial stability is not dependent on temporary reserve levels.
Alignment with the Principles of Prudent Financial Management	The statutory guidance on MRP requires authorities to make a prudent provision for all capital expenditure financed by borrowing, including internal borrowing.	MRP ensures full compliance with financial regulations, preventing authorities from underestimating their long-term capital financing needs.

Regardless of whether borrowing is external or internal, MRP ensures that the liability is gradually repaid, preventing unsustainable debt accumulation.

The calculation method chosen must be prudent and linked to the realistic life expectancy of the assets acquired through borrowing. Aligning MRP to asset life ensures that financial provision is made in a way that reflects how long the asset will contribute to policing operations, avoiding unfair burdens on future budgets.   MRP is calculated based on the capital financing requirement (CFR), which represents the total capital expenditure financed through total borrowing. Police forces have flexibility in how they calculate MRP, provided their approach is prudent and aligns with statutory guidance. The four main methods allowed under the regulations each have different financial and accounting implications.

Comparison of MRP Calculation Methods

Method	Calculation Approach	Best Suited For	Example (Police Force Context)	Pros	Cons
Regulatory Method **(only applicable to pre-2008 borrowing)**	Follows historic capital financing regulations from before 2008.	Pre-2008 borrowing that was financed under old regulatory rules.	A **police force** that borrowed in 2005 to construct a headquarters continues to apply the previous capital financing rules rather than switching to a new MRP methodology.	✅ Simple and **requires no recalculation** of MRP on historic debt. ✅ Provides **continuity** for long-standing capital projects.	❌ **Not applicable to new borrowing** post-2008. ❌ May not **reflect actual asset lives**, leading to potential financial mismatches.
Capital Financing Requirement (CFR) Method (4% Reducing Balance)	Applies a **fixed percentage (typically 4%)** of the outstanding CFR each year.	Pre-2008 borrowing.	A **police force** has a £50m outstanding CFR for fleet and estates investment. It charges 4% per year, reducing MRP by **£2m in Year 1, £1.92m in Year 2, etc.**	✅ **Easy to apply** and does not require tracking individual asset lives. ✅ Reduces **CFR consistently over time**.	❌ The **declining balance means some debt may never be fully repaid**, leaving a residual CFR. ❌ **Not linked to asset life**, which may create funding imbalances over time.
Asset Life Method (Equal Instalments or Annuity)	Spreads MRP repayments over the **useful life of the asset**. Can be done in **equal instalments** or **annuity-style increasing payments**.	Police capital assets with a clear useful life (e.g., vehicles, buildings, IT infrastructure).	A **police force** acquires a new command centre with a **50-year lifespan**, financed with a £20m loan. - **Equal Instalment:** £400k per year for 50 years. - **Annuity:** Starts at £300k in Year 1, increasing annually to reflect inflation.	✅ **Aligns repayment with asset usage**, ensuring intergenerational fairness. ✅ Can choose **equal or annuity structure** based on financial strategy. ✅ **Encouraged in statutory guidance** for prudence.	❌ **Requires accurate asset life estimation**, which can be complex. ❌ The **annuity method defers larger payments**, which could be a burden in later years.
Depreciation Method	MRP is charged in line with the **annual**	Police forces with **detailed asset registers** and strong asset	A **police force** purchases a fleet of patrol vehicles with a **7-year lifespan**. If annual depreciation	✅ **Aligns directly with financial reporting and asset depreciation.**	❌ **Depreciation charges can fluctuate** due to revaluations and impairments.

Comparison of MRP Calculation Methods					
Method	**Calculation Approach**	**Best Suited For**	**Example (Police Force Context)**	**Pros**	**Cons**
	depreciation of the asset.	management systems.	is £500k, the MRP charge is also £500k.	✅ Adjusts dynamically if asset values change.	❌ **Not all assets are depreciable in the same way**

The regulatory and CFR methods are only available for pre-2008 borrowing and does not apply to new police capital expenditure. Asset Life Method ensures prudent financial planning and is widely considered the best approach for ensuring intergenerational fairness. Depreciation Method links MRP to financial statements, but its variability and reliance on asset revaluations can create complications.

Updated guidance (effective from April 2025)[3] permits local authorities to change their MRP calculation methods as previously but prohibits retrospective application to recover "overpayments" from previous years. This measure ensures that MRP adjustments reflect current and future financial realities without altering past provisions.

Each policing body must adopt an MRP policy statement as part of its Treasury Management Strategy, outlining the approach used for calculating MRP.

Over the period in question the former OPCC approved the adoption of the asset life method using annuity profiles.

Responsibility for Calculating and Entering MRP in the Financial Records

The relationship between the former OPCC and the Force regarding MRP was critical not only because of capital investment decisions but also due to the financial implications MRP has on operational policing budgets. Since MRP represents a charge to the revenue budget, the amount set aside directly reduces the funds available for frontline policing and other operational activities. This means that careful financial planning and dialogue are required to strike a balance between repaying borrowing obligations and maintaining sufficient resources for policing functions. The Chief Constable and operational finance teams need to understand how MRP obligations constrain budget flexibility, while the former OPCC must ensure that capital financing decisions do not unduly compromise the delivery of policing services.

However, the ultimate responsibility for ensuring MRP was correctly calculated and entered into financial records lay with the Chief Finance Officer (CFO) of the former OPCC. The CFO must:

[3] 5th Edition (effective from 1 April 2025)**
https://www.gov.uk/government/publications/capital-finance-guidance-on-minimum-revenue-provision-third-edition/capital-finance-guidance-on-minimum-revenue-provision-5th-edition

- Determine the appropriate method for MRP calculation, in line with statutory guidance and the approved MRP policy.
- Ensure the correct MRP amount is accounted for in the financial ledgers and budgets.
- Provide reports on MRP calculations and financial impacts to governance bodies, including the PCC and audit committees.

The Force's finance team supported this process by supplying necessary data on capital investments, asset lifespans, and borrowing arrangements. However, accountability for ensuring compliance with MRP regulations rested with the former OPCC's CFO.

While the statutory duty to set the MRP policy lay with the PCC's Chief Finance Officer, in most policing areas the operational calculation and accounting entries are undertaken by the Force's finance team under a service level agreement (SLA). This arrangement reflects the operational reality that Force finance teams typically maintain the underlying financial systems and have access to relevant capital and asset data. In such models, the PCC CFO retains responsibility for policy oversight and assurance, while day-to-day delivery sits with the Force under defined protocols.

In South Yorkshire, this standard practice was not followed. The Force finance team had no role in preparing or reviewing the MRP calculation, and the entire process was retained within the former OPCC. This was a consequence of the governance and policy approach adopted by the former OPCC, not a decision taken by the Force. This lack of operational involvement limited opportunities for internal challenge and reduced the scrutiny of underlying assumptions. In most areas, Force finance teams have access to the relevant systems, asset records, and technical expertise needed to ensure complex accounting calculations are robust and accurate. Their involvement provides a broader base of knowledge and a valuable second line of assurance in financial reporting.

5. First Line of Defence Weaknesses

The first line of defence in any public body’s financial governance comprises the officers directly responsible for preparing, validating, and implementing financial policies and calculations. This includes those accountable for applying statutory requirements—such as Minimum Revenue Provision (MRP)—in day-to-day financial operations. Their knowledge, skills, and actions form the foundation on which robust financial management depends. This section examines how a gap in technical knowledge over how best to apply MRP in practice, clarity of roles, training, and financial coordination within the former OPCC contributed to persistent misstatements in MRP, and how these were allowed to continue unchecked.

Competency and Skills in Financial Governance

A robust competency framework is essential for ensuring that financial management is conducted in a compliant, accountable, and technically proficient manner. In public sector finance, particularly in complex areas such as treasury management and MRP, any gap of technical expertise can lead to serious financial miscalculations, governance failures, and long-term risks in respect of financial sustainability.

Despite the adoption of a compliant MRP Policy approved by the JIAC, the custom-and-practice of MRP application during the period did not reflect key characteristics of the statutory guidance, including the requirement that provision applies to both internal and external borrowing. No charges of any kind related to the £65m of financed investment were made in the accounts nor included within forward budget projections. As such, whilst a compliant policy had been presented to the JIAC, the review found no documented evidence that the policy's practical operation — including its implications for the range of assets and borrowing to which it applied — had been subject to formal assessment, validation or challenge at any point during the period.

Technical errors in MRP calculation

Category	Time Period	Issue	Financial Impact
Past MRP Errors	2018/19 - 2023/24	No MRP charges for £65m capital expenditure	Assessed at £16m under provision by SYMCA and external advisors
	Pre-2019	Blanket 50-year repayment period used instead of appropriate asset life	Additional under provision
Asset Life Misalignment	2018/19 - 2023/24	Short-lived assets (vehicles, IT) treated as having 50-year life	Significant MRP understatement
Future MRP Errors	2024/25 - 2029/30	£105m capital expenditure budgeted at blanket 50-year life, while 55% has <10-year life	£48m unbudgeted costs
	From 2028	Interest costs for future borrowing underestimated	£2m annual shortfall

	Next 15 years	Continued imprudent MRP profiles	Debt potentially tripling to £300m

From 2020 the CFO delegated responsibility for calculations to the Deputy CFO (D/CFO) without a documented framework for technical review, independent validation, or formal sign-off. The D/CFO inherited the methodology without structured training and continued a flawed approach without seeing cause to question its validity. The handover of responsibilities was informal, meaning the D/CFO simply followed inherited practices rather than reviewing their validity. No formal training, external guidance, or internal review process was put in place.

The approach adopted does not appear to have been subject to documented reconsideration against the adopted MRP policy, the statutory guidance or evolving sector practice. As a result, fundamental errors in MRP calculations went unchallenged for multiple years, contributing to a significant financial shortfall. Both the CFO and D/CFO failed sufficiently to grapple with the question about whether the application methodology aligned with the adopted MRP policy, statutory requirements or best practice. As a result, a fundamentally flawed methodology was continued without scrutiny, leading to persistent errors in MRP calculations.

Absence of Responsibility and Oversight for MRP

It is important to acknowledge the limitations within the former OPCC structure. The finance team was small, with only two professionally qualified finance officers, meaning that a handful of individuals had to manage multiple complex financial responsibilities. This lack of capacity may have contributed to the difficulties in applying, reviewing, and challenging the accounting for MRP, as technical tasks were spread thin across a small team..

We found there was no structured process within the former OPCC for validating or reviewing MRP calculations before figures were finalised. There was no structured approval process — the figures were shared with South Yorkshire Police and auditors, but without challenge or validation.

In any well-managed finance function, major financial calculations should undergo internal challenge before being finalised. However, within the former OPCC, we found that MRP calculations were accepted without question, based on the assumption that past practice was correct. The finance team lacked the technical expertise to identify errors in the methodology. The Force finance team did not raise concerns, as they relied on the former OPCC to handle MRP calculations.

No cross-functional working group or officer panel existed to review technical finance matters such as MRP. In some other policing bodies, such groups provide a forum for internal challenge and second-line assurance between operational preparation and Joint Independent Audit Committee scrutiny. Their absence in South Yorkshire contributed to a lack of cross-organisational validation and missed opportunities to identify risk at an earlier stage.

Weaknesses in the former OPCC's Financial Competency Framework

The failures outlined above reflect a wider deficiency in the former OPCC's approach to financial competency management. Best practice requires that key financial responsibilities are clearly defined within job descriptions and governance frameworks. Officers handling complex financial calculations should receive structured training and ongoing professional development. A formal handover process should exist when financial responsibilities transfer between individuals. Internal review mechanisms should ensure that financial calculations are validated before they are finalised. Within the former OPCC, none of these elements were in place, creating an environment where incorrect methodologies for the accounting of MRP were inherited, repeated, and left unchallenged.

Flaws in the financial management competency of the former OPCC	
Issue	**Description**
Lack of Explicit Responsibility for MRP	The CFO job description mentions treasury management and statutory financial compliance but does not explicitly include MRP calculations or compliance as a responsibility. The D/CFO job description refers to capital financing and programme development but does not explicitly state responsibility for ensuring MRP is calculated and applied correctly. ***Impact***: This omission creates ambiguity about who owns the responsibility for MRP compliance, even though it is a statutory financial requirement critical to capital debt repayment and the prudential code.
Insufficient Oversight Mechanisms	The CFO's responsibilities focus on high-level financial strategy but do not include explicit oversight of the D/CFO's work on capital financing, such as monitoring funding decisions or MRP compliance. ***Impact***: This lack of oversight weakens the governance framework, leaving room for errors or miscalculations in MRP to go unnoticed.

Fragmentation Between Treasury Management and Capital Financing	The CFO job description refers to "effective treasury management arrangements," which suggests responsibility for cash flow, borrowing, and investment, but MRP is not directly tied to these processes in the role description. The D/CFO role, while explicitly responsible for capital financing, does not clearly connect MRP to its broader responsibilities for the funding and monitoring of the capital programme. **Impact**: The separation of MRP from treasury management and capital financing in the job descriptions adds to the ambiguity of whether it is treated as an operational or strategic responsibility.
Revenue and Capital Disconnect	The D/CFO is responsible for managing capital financing, while MRP charges impact the revenue budget. However, there is no clear mechanism in the job descriptions for integrating these responsibilities across revenue and capital functions. **Impact**: The siloed nature of responsibilities creates ambiguity about how MRP, which bridges capital and revenue, is managed and reported.

Following the transfer of responsibilities to the South Yorkshire Mayoral Combined Authority (SYMCA), the transferred functions gain from the existing more structured approach. Key improvements include clearly defined responsibilities for MRP oversight, ensuring accountability; structured training and professional development for finance officers, and ensuring technical competence in treasury management. The next table compares the structured approach at SYMCA compared to the weaknesses at the former OPCC.

FACTOR	SYMCA ROLES	FORMER OPCC ROLES
Explicit clear responsibility	**Yes – The Executive Director of Resources & Investment (Section 73 Officer) is responsible for financial management, treasury strategy, and capital financing, which directly affects MRP.**	**No explicit mention – The Chief Finance Officer (Section 151 Officer) oversees treasury and reserves but MRP is not mentioned.**
Direct Supervision by CFO or Senior Officer	Yes – The Chief Accountant role (reporting to Deputy Chief Finance Officer Financial Services) explicitly includes MRP knowledge and leads on Treasury Management, indicating active CFO oversight.	Limited – The Deputy Chief Finance Officer supports capital financing and treasury, but MRP is not explicitly mentioned as a supervision point for the CFO.
Clear Delegation of MRP Responsibilities	Yes – The Chief Accountant is the designated lead on Treasury Management, ensuring MRP compliance as part of financial control. Needs "Knowledge of the capital financing regime in local government, preferably with direct	No clear delegation – MRP is not referenced, and capital financing duties are dispersed across CFO, Deputy CFO, and Finance Officer.

	experience of administering MRP policy.”	
Integration with Treasury & Capital Strategy	Yes – MRP is indirectly addressed through Treasury Management leadership (Chief Accountant) and Capital Strategy oversight (Executive Director Resources & Investment).	Weaker integration – Treasury and capital planning are covered, but MRP is not explicitly linked to capital strategy or financial controls.
Statutory Compliance Focus (MRP-related Regulations)	Yes – Chief Accountant requires knowledge of MRP policy administration, ensuring regulatory compliance.	Unclear – The Chief Finance Officer ensures proper financial management, but there is no explicit mention of MRP or compliance checks related to it.

Lack of co-ordination between the former OPCC and the Force on MRP

The interrelationship between the former OPCC and the Force on MRP was crucial because capital expenditure decisions are driven by operational policing needs, while the financial consequences of those decisions are overseen by the former OPCC. Our findings, however, indicate that this expected level of coordination was not operating effectively in South Yorkshire.

Our document review and interviews revealed that the expected coordination between the former OPCC and the Force on MRP was ineffective or absent. The key deficiencies we identified include:

- *The former OPCC Did Not Require Force to Fully Incorporate MRP in Investment Cases*
  Our analysis of capital investment proposals demonstrated failure to include the long-term financing costs of borrowing — including MRP — in business cases. Investment proposals focused primarily on upfront capital costs, with no structured analysis of how those costs would translate into revenue obligations over the asset’s lifespan.

- *The former OPCC Did Not Challenge These Omissions or Ensure MRP Was Addressed*
  While the Force was responsible for preparing investment cases, the former OPCC had ultimate accountability for ensuring that financing costs — including MRP — were properly considered. However, we found no evidence that the former OPCC systematically reviewed or challenged the Force’s investment cases for MRP.

- *Failure to Hold Regular Financial Discussions*
  There was no structured process for financial discussions between the former OPCC and the Force to assess MRP obligations as part of capital planning. This

meant that the former OPCC was making investment decisions without a full understanding of their impact on future budgets.

We selected a sample of investment cases to review. A heating system replacement project provides a clear illustration of how these failures materialised in practice. We reviewed two versions of the investment case for this project:

- The original version, produced by the Force under the former OPCC.
- A revised version, produced by the South Yorkshire Mayoral Combined Authority (SYMCA), with MRP adjustments.

Findings from the Original Force Investment Case

- The original version of the investment case failed to include any consideration of MRP or capital financing costs.
- The proposal was based on the upfront capital cost alone, without assessing how the cost of borrowing would impact future budgets.
- There was no evidence that the Force engaged with the former OPCC on the MRP implications before submitting the investment case for approval.
- The former OPCC did not challenge or request amendments to ensure MRP was included, meaning that the investment was approved without a full understanding of its long-term financial impact.

Findings from the SYMCA-Adjusted Version

- When SYMCA took over responsibility for MRP oversight, the investment case had to be substantially revised to include capital financing costs.
- The revised document explicitly included MRP calculations and demonstrated that the financial impact of the project had previously been underestimated.
- This adjustment showed that capital projects had been initially developed without full consideration of their MRP impact, creating financial pressures.

This case highlights that the Force did not routinely account for financing costs in its investment cases, while the former OPCC did not identify or correct these omissions nor require their inclusion as part of their considerations. As a result, at the point of decision capital investments were being made without a full understanding of their future financial consequences, leading to unsustainable financial pressures that had to be addressed later.

To prevent similar failures in the future, we recommend that:

1. All capital investment proposals from the Force must include a comprehensive assessment of MRP and other financing costs before being submitted for approval.

2. SYMCA must formally review and challenge all investment cases to ensure that capital financing costs are properly accounted for.
3. Regular joint financial planning meetings must be established, ensuring that MRP is a standard part of discussions between SYMCA and the Force.
4. Stronger governance mechanisms must be introduced, requiring capital investment decisions to be independently scrutinised for their long-term financial implications.

Strengthening financial coordination between SYMCA and the Force is essential to ensuring that capital spending decisions are sustainable and do not create unmanageable financial burdens in the future.

6. Second Line of Defence Weaknesses

The second line of defence within governance frameworks comprises the key oversight mechanisms that are intended to monitor the effectiveness of internal controls, ensure financial risks are being actively managed, and provide assurance that practices align with statutory and regulatory requirements. In the case of South Yorkshire, this included the Joint Independent Audit Committee, the risk management frameworks maintained by both the former OPCC and the Force, and the external treasury advisor appointed to support financial decision-making.

MRP vs. Borrowing: A Growing Disconnect
Key Trend (2018-2024): • **Capital Financing Requirement** more than doubled from £54.3m to £112.0m • **Annual MRP charge** fell from £2.4m to approximately £1.4m **Critical Moments:** • **2018/19**: £54.3m debt with £2.4m MRP • **2019/20**: Unexpected 55% drop in MRP to £1.1m despite CFR jumping to £79.8m • **2022/23**: £112.0m debt with only £1.4m MRP (nearly doubled debt, lower repayment) • **2027/28 (projected)**: £187.8m debt with just £1.1m MRP **Red Flag**: While borrowing increased by nearly £50m (2019-2023), annual repayment provision remained virtually unchanged after the dramatic 2019/20 drop, creating a widening financial vulnerability clearly visible in public budget documents.

The Joint Independent Audit Committee

The Joint Independent Audit Committee was established to provide independent oversight of financial governance, risk management, and internal control across both the former South Yorkshire Police and Crime Commissioner's Office (OPCC) and South Yorkshire Police (SYP). Its remit spanned both entities, positioning it as a central forum for identifying cross-cutting governance concerns and providing assurance on the effectiveness of financial and risk controls. However, the MRP misstatement case revealed several limitations in how the Committee operated in practice—though it is important to acknowledge that these must be viewed within the context of the Committee's intended role and its reasonable constraints.

Technical Limitations and Role Boundaries

The Committee's focus was appropriately high-level, and in the absence of specific risks being flagged by officers, auditors, or national guidance in relation to MRP, there was no reasonable trigger for it to have examined this area in greater technical detail. While Joint Independent Audit Committee members brought general experience in financial oversight, they did not possess specialist expertise in treasury management or the technical accounting rules associated with MRP. Given the complexity of MRP — requiring detailed understanding of statutory guidance, asset life assumptions, and capital financing regulations—it may have been unrealistic to expect the Committee, as constituted, to detect or challenge the technical misapplication that occurred.

CIPFA’s guidance makes clear that audit committees are not accounting bodies and are not expected to duplicate the role of external auditors or finance professionals. Their role is to offer assurance on governance and controls, not to re-perform or verify the detailed accounting treatment of capital adjustments. In this context, the Committee’s inability to spot the cumulative MRP misstatement reflects a gap in technical coverage rather than a lack of diligence.

Training and Coordination Gaps

That said, the dual oversight role held by the Committee did require it to operate across the boundary of two corporate bodies, with overlapping financial responsibilities and different internal processes. In this environment, the absence of targeted training on complex financial areas — such as MRP, capital accounting, and treasury management — meant that members may not have been equipped to ask the right questions or test the assurances they were receiving.

CIPFA’s framework emphasises the need for ongoing development, especially when audit committees are expected to navigate technically demanding issues. In this case, the absence of training, combined with weak coordination between former OPCC and Force finance functions, limited the Committee’s ability to form a complete view of financial risks or identify inconsistencies that crossed organisational boundaries.

Oversight Breadth versus Depth

The Committee did receive regular reports on treasury management and financial strategy, and its minutes reflect active scrutiny of high-level capital plans and investment performance. However, MRP policy and calculations were not identified as specific risks or agenda items. The Committee’s focus remained appropriately high level — reviewing strategy and compliance with prudential indicators — without drilling down into the technical validity of MRP entries within the financial statements.

This broader focus was consistent with its remit but insufficient to identify the cumulative impact of a technical misstatement. In the absence of concerns raised by Internal Audit, External Audit, or finance officers, there were few signals that would have reasonably prompted the committee to examine MRP in greater detail. In hindsight, this underscores the need for improved assurance mechanisms around complex accounting judgements, but it does not necessarily indicate a failing on the part of the Committee itself.

Operation of the Risk Management Framework

The former OPCC's risk management framework also failed to identify risks related to MRP miscalculations. An effective risk management framework should be designed to capture financial risks, especially those arising from errors in long-term capital financing. However, risk reporting was insufficiently detailed or escalated in the areas that would have caught issues with MRP. The lack of specific financial risk reporting related to MRP contributed to the ongoing mismanagement of these funds.

However, there are defensible arguments that expecting a risk management framework to explicitly identify or escalate risks relating to the technical miscalculation of MRP may be unrealistic. MRP is an accounting adjustment made within the context of capital financing; it is neither a direct operational decision nor an exposure with an immediate external consequence. The risk it presents is embedded, technical, and latent in nature. Unlike fraud or service disruption, which tend to generate immediate attention, the risk of MRP miscalculation arises gradually over time through technical misapplication. It is unlikely to manifest in the sort of "event-based" or strategic risk scenarios that risk frameworks are typically designed to identify and track.

This is compounded by the fact that police and former OPCC risk registers are generally focused on higher-profile risks. These typically include areas such as public protection, legal compliance, data security breaches, procurement failure, or performance delivery. Errors in MRP, by contrast, are non-obvious and highly cumulative. They tend to be the product of accounting interpretations and spreadsheet models and rarely surface in risk taxonomies unless there has been a prior incident or sector-wide alert that prompts inclusion.

Moreover, risk identification processes depend fundamentally on the knowledge and assumptions held by those responsible for governance. If the Chief Finance Officer, internal auditors, and external auditors all operate under the shared (albeit mistaken) assumption that MRP is being applied correctly, then there will be no sense of risk to record, let alone escalate. Risk frameworks, after all, are not diagnostic systems—they are management tools based on human judgement and are only as robust as the professional scepticism applied to routine processes.

The External Advisor on Treasury Management

The external advisor on Treasury Management acted as a strategic partner to both the former OPCC and South Yorkshire Police, offering support on borrowing, investment decisions, and broader financial planning. Such advisors play a vital role in helping public bodies develop informed capital financing strategies and manage treasury risks. In this case, however, the support provided did not extend to commenting on or reviewing the authority's approach to MRP, even though indicators suggested that it may have been misaligned with the capital financing requirement.

A key factor was the defined scope of the advisory engagement. The advisor confirmed that their contract did not include a requirement to review or validate MRP policy or calculations unless expressly commissioned to do so. The advisor offered to undertake additional work to review the authority's MRP approach; however, this work was not commissioned by the authority. As with any advisory engagement, it is for the authority as the commissioning client to determine whether additional analytical work is required and to define the scope of that work. While this is an entirely reasonable position from a contractual perspective, it highlights a wider limitation in how advisory support is sometimes structured in practice. MRP was a visible and recurring feature of the authority's financial framework, and over time, the charge to revenue decreased despite rising capital borrowing—an inconsistency that could have warranted closer consideration.

The case points to a broader lesson about ensuring that advisory arrangements are framed in a way that captures emerging financial risks—even when they fall outside strict engagement terms. MRP is central to long-term financial sustainability, and even informal observations from advisors can be a valuable safeguard where financial practices diverge from expected norms. It is important that there is an 'intelligent client' who can commission appropriate work and ensure the scope is appropriate to the risk or requirement.

In summary, while the external advisor was not required to validate MRP policy or calculations, the visibility and significance of MRP in the authority's financial landscape suggest that a degree of advisory challenge could have added value. The case underscores the importance of clear engagement terms and an adaptable advisory approach that supports client awareness of emerging financial risks.

Conclusion

These factors highlight a systemic gap between the documented governance framework and the lived operation of financial oversight. The second line of defence was not inactive, but it was not alerted to the technical indicators of misstatement nor directed to focus on this area, and therefore it did not become a priority for detailed scrutiny. Strengthening this line will require clearer expectations of external advisors, targeted financial training for committee members, and better assurance over key statutory accounting processes.

7. Third Line of Defence Weaknesses

The final line of defence includes independent assurance providers—namely Internal Audit and External Audit—who are tasked with offering objective oversight of the authority's financial processes and governance arrangements. While the internal audit function was externally contracted and operated with professional independence, it remained embedded within the authority's assurance framework. Both functions play a distinct but complementary role in identifying emerging financial risks, challenging assumptions, and ensuring that statutory provisions such as MRP are appropriately governed. This section examines how effectively these responsibilities were fulfilled in relation to MRP and whether audit scrutiny adequately addressed the financial risks and assurance gaps that contributed to the scale and persistence of the issue.

Internal Audit

The Role of Internal Audit in the Governance Framework

Internal Audit plays a critical role in providing independent assurance over governance, risk management, and control processes within public sector organisations. In the context of the South Yorkshire former OPCC and Police Force, Internal Audit was well-placed to assess whether financial systems were subject to appropriate oversight, and whether risks—particularly those with potential long-term financial consequences—were being adequately managed.

There is, however, a legitimate question around how far Internal Audit could have, or should have, identified the longstanding issues with MRP. Internal Audit is not typically responsible for validating detailed accounting calculations, and its primary focus is on assessing whether sound governance and risk control processes are in place. Yet, the sustained misapplication of MRP policy over several years raises the question of whether earlier warning signs might have been visible through the lens of financial governance, even if not through technical accounting scrutiny.

Internal Audit's Actual Coverage of MRP-Related Risks

Our review of Internal Audit reports from 2018 to 2023 identified five audit reviews that covered the broad range of treasury and financing activity:

1. Final Audit Report – Treasury Management (2018–2019)
2. Final Capital Programme Report (2018–2019)
3. Final Report – Treasury Management (2020–2021)
4. Final Report – Capital Programme (2021–2022)
5. OPCC – Treasury Management Final Report (2022–2023)

These audits covered key aspects of treasury governance, financial management, and capital oversight. They assessed compliance with Prudential Code requirements, reviewed the effectiveness of treasury controls, and examined how borrowing and investment risks were managed. However, none of the reports explicitly addressed MRP policy or assessed the accuracy of MRP calculations nor was MRP flagged as an area requiring heightened assurance.

This aligns with statements made by the former Deputy Head of Internal Audit, who confirmed that the team did not have specialist training in treasury or capital accounting. Their work focused on governance processes, not on technical judgements within financial reporting. Nonetheless, MRP represented a recurring statutory charge in the accounts, and its sustained decline—despite increasing capital financing need—was a notable trend. Even without recalculating MRP figures, the presence of this divergence could arguably have triggered questions about policy adequacy or clarity over ownership.

Internal Audit representatives indicated that concerns had been raised over time in relation to the assurance and risk framework, including senior management capacity and attention to key financial issues. These concerns highlight wider control environment considerations relevant to the period under review. No MRP risks were raised through the authority's risk management framework, and as a risk-based function, Internal Audit's coverage reflected the risks identified. Internal Audit assumed that MRP, as a technical accounting area, would fall within the scope of external audit. Internal Audit shared its plans with external audit periodically, and provided updates on planned activity to Management and at the Joint Independent Audit Committee, and were not asked by Management or External Audit to review the MRP.

What Internal Audit Might Have Been Expected to Do

While it would not have been reasonable to expect Internal Audit to validate MRP calculations line by line, and there would not have been any real indicator of risk when setting the plan but possible approaches as part of future planning might include

- **Assurance Mapping**: Internal Audit could assess whether the assurance over MRP came from an appropriate and clearly assigned source. If assurance pathways were unclear or ambiguous, this might warrant escalation.
- **Governance Coverage**: MRP could feature as a governance risk within broader reviews of the capital programme or financial sustainability.
- **Policy and Delegation Checks**: Internal Audit might examine whether the MRP policy was subject to regular review and whether there was clear delegation of responsibility for its ongoing application and interpretation.
- **Escalation of Gaps**: If Internal Audit lacked the technical expertise to assess a particular issue—such as MRP—it could formally raise this as a limitation in its audit coverage and recommend that additional scrutiny be commissioned.

Practical Constraints on Internal Audit's Role

At the same time, there were legitimate constraints that limited Internal Audit's capacity to intervene. These included:

- **A small, generalist audit team**, without treasury specialists.
- **Assumptions that external audit would identify technical misstatements** in the financial statements, particularly for a high-profile statutory charge like MRP.
- **Audit plans focused on broader treasury and capital governance**, rather than specific accounting judgements.

These factors meant that MRP did not emerge as a targeted assurance priority—either within internal audit's own work or through cross-organisational risk discussions.

Conclusion: Addressing the Expectation Gap

In conclusion, Internal Audit's lack of coverage of MRP does not indicate a failure of process or professionalism. Rather, it reflects a structural expectation gap: the assumption by some stakeholders that Internal Audit would provide deep assurance on technical financial matters, when in fact their remit, training, and resources were focused on governance and risk control in line with the CIPFA Code of Internal Audit.

To strengthen the second line of defence in future, we recommend:

- Providing internal auditors with basic training in treasury risk indicators, enabling them to identify when technical advice or external review may be necessary;
- Enhancing assurance mapping for the leadership team, so that statutory charges like MRP are explicitly assigned to an assurance source;
- Encouraging Internal Audit to document limitations in coverage and recommend escalation where needed.

External Audit

External Audit's Role in MRP Oversight

The observations in this section are not intended to attribute fault, but to highlight areas where oversight may evolve to better address cumulative and systemic risks.

External auditors are not statutorily required to specifically validate or certify the MRP figure in local authority accounts. Their role includes ensuring that financial statements present a true and fair view, are free from material error and comply with relevant legislation and accounting standards, such as the Code of Practice on Local Authority Accounting in the UK[4].

Although the 2024 MRP guidance postdates the period in question, it illustrates emerging expectations that MRP policies should reflect long-term financing commitments and sustainability. We accept, however, that during the period in question, this guidance was not in place and cannot be used to assess the role of External Audit. The guidance illustrates the direction of travel in sector expectations and highlights the growing importance placed on MRP Policies.

Grant Thornton's approach to MRP within the Audit Framework

Grant Thornton, as the external auditor for the former South Yorkshire former OPCC, stated that although MRP is a statutory requirement under the Local Government Act 2003, their statutory duty under the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice does not extend to separately auditing the MRP calculation unless it materially affects the financial statements. In its letter to the Mayoralty dated 18 October 2024, Grant Thornton asserted that the responsibility for setting and determining a prudent MRP charge rests solely with the former OPCC. Their position is based on the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which require local authorities and Police and Crime Commissioners to "have regard" to statutory guidance when setting MRP.

They further explained that the audit's purpose is to determine whether the accounts as a whole present a true and fair view. Grant Thornton's view is that in accordance with prevalent auditing standards this may involve reviewing aspects of MRP only if it is likely to cause material misstatement or signal that proper arrangements are not in place. They referred to the National Audit Office (NAO) Code of Audit Practice, which directs auditors to assess whether financial statements are materially misstated and whether an authority has proper arrangements in place for securing value for money (VfM). Grant Thornton noted that the Code does not explicitly require auditors to examine MRP calculations unless they are deemed material.

In their ISA260 report and in discussion, Grant Thornton confirmed that they reviewed the former OPCC's MRP policy and application as part of the audit process. While the policy – particularly the use of a uniform 50-year asset life – may have been at the more aggressive end of sector practice, it was considered to fall within the range permitted by statutory guidance. The auditors undertook high-level checks of MRP consistency against the Capital Financing Requirement (CFR) and assessed whether the calculations aligned with the stated policy. They did not identify any individual-year misstatement that exceeded their materiality thresholds or warranted further testing.

[4] https://www.cipfa.org/policy-and-guidance/cipfa-lasaac-local-authority-code-board/code-of-practice

Grant Thornton outlined to us several reasons why their audit work did not require reporting or further investigation of the MRP undercharging, based on their interpretation of materiality, regulatory obligations, and the approved policy framework:

• **Materiality Considerations** – Audit standards require auditors to focus on areas where misstatements are considered material. Grant Thornton indicated that MRP discrepancies, even when accumulated over time, did not meet the materiality threshold in any given year, meaning audit procedures did not require a specific review or reporting of these variances.

• **Role of the Approved MRP Policy** – The auditors stated that the MRP charges applied in the former OPCC's financial statements were based on an MRP policy that was within an acceptable range approved by governance bodies. Their responsibility was to ensure that this policy was applied consistently, rather than to challenge the assumptions underpinning it, such as the 50-year asset life assumption.

• **Judgment and Interpretation of Prudence** – Grant Thornton emphasised that it was responsible for ensuring that the final statements were true and fair and free from material error. While it was not its responsibility to consider the future impact of the MRP policy, Grant Thornton noted that determining a reasonable MRP charge involves professional judgment. While they acknowledged that the 50-year asset life assumption was at the more aggressive end of practice, they concluded that the approved policy fell within the range permitted by guidance. As a result, they did not consider it necessary to raise or report the matter, explaining that the MRP figures in the accounts were derived directly from the former OPCC's approved policy, and that—because the policy itself was not a matter they were required to assess—the variances did not trigger further audit work.

• **Lack of Specific Requirement to Audit MRP** – Grant Thornton pointed out that MRP is not a mandatory audit focus area unless it results in, or contributes to, a material misstatement in the financial statements. They noted that external audit responsibilities are directed towards ensuring that the accounts present a true and fair view and comply with relevant standards, rather than assessing the appropriateness of the MRP policy itself.

• **Audit Committee and Internal Scrutiny Failures** – Grant Thornton noted that the Joint Independent Audit Committee and the former OPCC's internal governance structures were responsible for setting and scrutinising financial policies such as MRP. They explained that, in their view, the absence of concerns raised by these bodies meant there was no indication during the years audited that would have required additional audit procedures.

• **Retrospective Changes by SYMCA** – Grant Thornton explained that the adoption of a revised MRP methodology by SYMCA does not, in their view, mean that the previous approach used by the former OPCC should be regarded as erroneous. They described the difference as one of judgement about asset lives and calculation methods, rather than an indication of misstatement in the earlier financial statements. Grant Thornton also noted that, based on their audit work, the revised approach would not have resulted in a material misstatement in the years they audited. For clarity, SYMCA has not applied its new MRP policy retrospectively, as it is not legally permitted to do so.

Alternative Perspectives and Observations

Despite the compliance with the Code of Audit Practice, questions have been raised about whether external audit should have flagged the issue earlier. Key areas of concern include:

• **Materiality Threshold Over Time** – Grant Thornton's states that MRP is below annual materiality thresholds, but this approach overlooks how statutory shortfalls can build up over several years without appearing as material misstatements in any single set of accounts. Between 2018/19 and 2023/24, there was under provision of MRP, but because the omission does not appear as an entry in the financial statements, the long-term effect did not trigger additional audit procedures using annual materiality thresholds.

• **Statutory Guidance Compliance** – Although the 2024 MRP guidance was introduced after the period covered by this review, it illustrates the strengthening expectations around long-term provision and the need for MRP policies to provide full coverage of borrowing requirements. This guidance is not used in assessing past decisions or audit work, but it highlights the direction of travel in sector expectations.

• **Failure to Identify Emerging Risk** – Because MRP charges increase over time under the annuity method, the declining MRP charge amidst rising borrowing could have raised questions.

• **Limitations of policy-based audit assurance** – Grant Thornton explained that their role was to check whether the accounts were materially correct and consistent with the former OPCC's approved MRP policy. The Audit Code does not require auditors to assess the prudence of that policy. As a result, significant underlying assumptions — such as the use of a blanket 50-year asset life — were accepted without further examination, even though they had a major bearing on the level of MRP charged.

• **Audit Vigilance in the Absence of Internal Challenge** – The former OPCC's internal arrangements did not provide sustained scrutiny of key assumptions within the MRP approach, such as the use of a blanket 50-year asset life. External Audit explained that their work is designed to assess whether the accounts are materially correct and consistent with the approved policy, and that they were not in a position to evaluate internal governance weaknesses that were not visible through the financial statements. This combination — limited internal challenge and an audit approach focused on material misstatement — meant that significant underlying assumptions were not examined through any part of the assurance framework.

• Interpretation of the Adopted MRP Policy Statement and Implications for Accounting Corrections and Budget Profiling –

SYMCA have explained that upon the identification of the omissions, their immediate recourse was to the approved MRP Policy Statement to determine the profile for corrections to be made. The approved statement that had been unchanged since 2020 recognised the adoption of the asset-life methodology, but it became apparent that custom-and-practice was for a blanket 50-year life to be applied to assets regardless of the actual useful economic life of the assets. SYMCA did not believe that custom was consistent with the approved MRP Policy Statement and represented a departure from the statutory guidance.

SYMCA have explained that to test their understanding they sought clarification from MHCLG - as the authors of the statutory guidance - consulted external advisors, and also tested whether the Joint Independent Audit Committee understood that in adopting the MRP Policy Statement as written it would be implemented in a very different way. SYMCA have explained that their view was corroborated by those parties whilst the Committee were not aware that the MRP Policy Statement as written would be disregarded for a blanket approach.

Noting Grant Thornton's views, SYMCA opted not to adjust the 2023/24 accounts for the errors to avoid a significant draw on reserves before agreement could be reached with their new auditors – KPMG – on how the corrections could be profiled to balance the need to recognise them whilst managing the budgetary impact. SYMCA has now agreed an approach to recognising the corrections from the 2024/25 accounts onwards. The approach to these corrections has been discussed with Government, recognised in the new MRP Policy Statement and explicitly discussed with both the Joint Independent Audit Committee and the MCA's own Audit, Standards, and Risk Committee.

Diverging Perspectives on Retrospective Correction

We note that a divergence of professional opinion has arisen between SYMCA and the former External Auditor regarding how to address the MRP omissions within the audited accounts.

Specifically, there is a difference in interpretation over whether the under-provision constitutes an error requiring retrospective correction or a change in policy to be applied prospectively.

This difference does not call into question whether the under-provision occurred—there is agreement that MRP was understated over several years – nor that provisions have been omitted from future year's budgets. It is a matter of fact that no accounting or budget provision had been made for capital financing of £65m incurred over the period 2018/19 - 2023/24. The divergence lies in how this should be treated for financial reporting purposes.

Grant Thornton advised that the amounts omitted in the audited accounts did not lead to a material misstatement in any of the audited years and therefore did not require retrospective adjustment. Grant Thornton also observed that omissions in budgeting are not a matter for the External Auditor, but a management responsibility. This illustrates a wider ambiguity in how statutory requirements interact with audit materiality thresholds, particularly where omissions do not appear as misstatements in the financial statements but nonetheless produce long-term financial consequences.

In governance terms, this underlines the need for audit committees and internal audit functions to maintain an independent line of scrutiny over statutory provisions—particularly where the external audit framework may not be designed to capture long-term or systemic issues in full.

The matter was not escalated through the External Auditor's use of statutory powers or reflected in the Auditor's 2023/24 Value for Money Report, which did not identify the historic MRP under-provision as a significant weakness in financial sustainability or governance. From an audit perspective, Grant Thornton discharged their responsibilities in line with prevailing standards and risk-based audit planning.

Representations received from former OPCC officers set out a different perspective on aspects of the financial arrangements in place during the period concerned. These representations have been considered as part of the review process alongside documentary evidence and interviews undertaken by the review team.

The matters identified in this review do not arise from the absence of an approved MRP policy framework itself, but from the way the policy was applied in practice in relation to capital expenditure over the period concerned. External review identified that no MRP charges relating to approximately £65m of borrowing incurred between 2018/19 and 2023/24 were reflected in either the historic financial statements or the authority's medium-term financial strategy. Had MRP been provided at the level required by the approved policy, the financial position would have been materially different.

Former OPCC officers have also maintained that the approach adopted at the time was a legitimate interpretation of the guidance.

Nonetheless, the under-provision in the accounts and budget was of sufficient scale - £65m - that the authority's budget required significant correction to properly reflect its financial position, and the approach to those corrections was agreed in consultation with the Home Office and SYMCA's own auditor.

Limitations of the Current External Audit Framework

External Audit plays a critical role in ensuring that financial statements are free from material misstatements and that local bodies comply with statutory and regulatory financial standards. Grant Thornton has explained its approach based on materiality considerations, reliance on approved policies, and its statutory remit.

This case illustrates a limitation in how standard audit materiality is applied. Because the MRP under-provision was not recorded as a charge in the accounts, it did not appear as a misstatement under audit procedures. However, it represented a growing unrecognised pressure on the organisation's financial position.

Ordinarily, a retrospective review of MRP methodology would be recommended, but in this case that process is already being undertaken by SYMCA's new external auditors, ensuring the issue is being addressed within a compliant framework.

Despite this, the scale of the under-provision and its implications for long-term financial sustainability raise broader concerns about whether existing external audit frameworks are adequately equipped to detect such systemic risks.

In accounting terms, statutory provision was omitted from revenue charges between 2019/20 and 2023/24. This created an understatement of financial obligations, even if not formally disclosed as a charge, in the accounts. Because the shortfall was not recorded in the financial statements, it did not trigger conventional audit materiality thresholds—masking the cumulative nature of the risk over time.

Slow-building statutory misstatements can accumulate for years without breaching point-in-time thresholds or attracting formal audit challenge. In doing so, they can erode financial resilience while remaining invisible to assurance systems.

Representations from the former CFO and D/CFO

As part of the review process, the former CFO and Deputy CFO of the OPCC were given the opportunity to comment on the findings of the report. Both have expressed a different view on a number of the matters addressed in this review. Their principal representations are summarised below.

First, both officers maintain that the MRP approach adopted during the period was a legitimate interpretation of the statutory guidance and the authority's approved MRP policy. They contend that the policy was inherited, had been agreed before the current post-holders took up their roles, and was applied consistently throughout the period.

Second, both officers point to the fact that no concerns about MRP were raised at the time by internal audit, the Joint Independent Audit Committee, or the external auditor. They argue that if the approach had been problematic, it would have been identified through one or more of these assurance mechanisms.

Third, the former officers dispute the report's characterisation that the Force's finance team had no role in MRP. They maintain that Force finance officers were aware of and involved in discussions about capital financing arrangements, including MRP, and that the OPCC and Force finance teams worked closely together.

Fourth, both officers have raised concerns about the fairness of the review process, including the scope of interviews conducted and the opportunity afforded to them to comment on the report's findings.

The review team has considered these representations carefully alongside the documentary evidence and interviews undertaken during the review. While the representations reflect a genuinely held alternative view, the review team's conclusions remain as set out in this report, for the following reasons:

The statutory responsibility for ensuring prudent MRP provision rested with the OPCC's CFO. Regardless of the origins of the policy, post-holders during the period bore a continuing obligation to reassess its prudence, particularly as borrowing increased materially and the composition of the capital programme evolved.

The absence of challenge from other parts of the assurance framework does not validate the technical correctness of the approach adopted. As this report has set out, the assurance system was not configured to detect cumulative statutory under-provision of this kind, which is itself a governance finding.

On the question of Force involvement, the review found no documentary evidence — such as a service level agreement, formal delegation, or joint working protocol — to indicate that the Force's finance team held operational responsibility for preparing or reviewing the MRP calculation. Awareness of capital financing matters and informal discussion do not equate to shared accountability for a statutory duty that rested with the OPCC's CFO.

On the question of process, the review was conducted on the basis of available documentation and interviews with those willing and able to participate. The former officers were given the opportunity to comment on the draft findings through the formal representations process, and their submissions have been considered in full.

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