

## **AUDIT COMMITTEE**

**Tuesday 20<sup>th</sup> October 2020 at 14.00 hrs**  
**Microsoft Teams**

### **A G E N D A**

**Note for Members of the Public:** Due to the exceptional circumstances this meeting is being held via Microsoft Teams. Unfortunately, due to the late confirmation of this meeting going ahead it has not been possible for members of the public to submit questions to the Committee on any matter on the public part of the agenda. However, an opportunity will be available in January 2021 to submit questions on these and other matters being considered then.

#### **Part 1 – Public Agenda**

1. Welcome and Apologies
2. Declarations of Personal and/or Prejudicial Interests
3. To approve the minutes of the meeting held on 21<sup>st</sup> September 2020.....page 03
4. Review and update the Action Log .....page 10
5. Statement of Accounts 2018/19 – sign off
  - a. CFO’s covering report.....page 15
  - b. Updated and highlighted PCC / Group Accounts (Appendix 1)..... to follow
  - c. Updated and highlighted CC Accounts (Appendix 2).....to follow
  - d. Annual Governance Statement 2018/19 (Appendix 3)..... page 21
  - e. Audit Results Report – Ernst and Young LLP (Appendix 4).....page 38
6. Internal Audit – Reports from Head of Internal Audit (TIAA)
  - 6.a 2020/21 Progress Report ..... page 93
  - 6.b Follow up Report ..... page 112

## Part 2 – Private Agenda

7. Fraud (verbal)
8. Strategic Risk Register - Constabulary
9. Forward Work Plan – Report from Chief Finance Officer .....page

Date of Next Meeting

**Tuesday 19<sup>th</sup> January 2021 at 1400 hrs - Venue TBC**

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[opccn@norfolk.pnn.police.uk](mailto:opccn@norfolk.pnn.police.uk) 联系诺福克警察和犯罪事务专员办公室。

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**NORFOLK**  
CONSTABULARY  
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## **Audit Committee Meeting**

**Monday 21 September 2020**  
**14:00 hours**  
**Via Microsoft Teams**

### **MINUTES**

#### **Members in attendance:**

Mr R Bennett (Chair)  
Ms A Bennett  
Mr A Matthews  
Ms J Hills

#### **Also, in attendance:**

Mr P Sanford	Deputy Chief Constable, Norfolk Constabulary
Mr P Jasper	Assistant Chief Officer (ACO), Norfolk Constabulary
Ms J Penn	Chief Finance Officer, OPCC (PCC CFO)
Ms F Dodimead	Audit Director, TIAA
Ms C Lavery	Audit Manager, TIAA
Mr I Fearn	Head of Financial Accounting & Specialist Functions, Norfolk Constabulary
Mrs J Curson	Notetaker, Norfolk Constabulary

#### **Part 1 – Public Agenda**

Due to the exceptional circumstances no questions from the public were received and it was agreed that a recording of the meeting would not be made available on the website currently whilst we are in an experimental phase but a copy of the minutes would be logged on the website as a public record.

##### **1.0 Welcome and Apologies**

1.1 Apologies were received from OPCC Chief Executive Mark Stokes and Chris Harris TIAA

## **2.0 Declarations of Personal and/or Prejudicial Interest**

2.1 None were recorded.

## **3.0 To approve the minutes of the meeting held on 21 May 2020**

3.1 A Bennett queried whether it was correct to have the Post Meeting Addendum added to the Audit Committee minutes on 17 June 2020 and secondly, if this is correct, then the tense needs to be changed. It was agreed to change the tense in the last paragraph to as follows:

*The Audit Committee was asked to note and supported the above, in terms of the contract extension, and the approach to take forward the new procurement, with oversight from the Audit Committee.*

3.2 Members confirmed that the draft minutes are an accurate record and approved signing by the Chair.

## **4.0 Review and Update the Action Log**

4.1 The action log was reviewed in detail and the log will be updated to reflect the discussion.

## **5.0 Internal Audit – Head of Internal Audit (TIAA)**

### **5.1 Progress Report**

F Dodimead informed meeting that the report has been refreshed and is in a slightly different format. Covid19 has had a big impact on the organisation and audit plans. There is an overview within the report on how TIAA will be dealing with the audits. The plan has been kept as it was before as it was agreed that these were the high-risk areas. There was a Covid19 deep dive review to have a look at procurement and payments through the initial outbreak period. The results of that are within this audit

5.2 The DCC informed the meeting that two weeks' ago the force was notified by the HMIC that they were going to carry out a national thematic inspection of policing's response to Covid19 and Norfolk has been identified as one of the forces where that inspection is going to take place. The DCC asked if TIAA could co-ordinate their work set against the very specific areas that HMIC are looking at. The hot debrief and any lessons learnt could then be fed back to the Audit Committee once these have been published by the HMIC.

5.3 Three audits have now been completed to final report and due to Covid19 some of the audits have been moved around to ensure they are carried out at the right time. TIAA will also be reviewing new systems such as the Shared Service Transaction Centre. Some audits have also been moved forward, including the payroll and vetting audits.

5.4 Q3 Audits have already been scheduled in and work is starting to progress really well.

- 5.5 The three audits issued to final report all reached reasonable assurance and no priority 1 recommendations have been issued which is really positive. Staff and managers have been very responsive to TIAA when the audits are in progress and the majority of work is through Teams, email and SharePoint for data. Where there is a preference some of the audits have taken place on site.
- 5.6 **Covid19 Controls and Resilience Executive Summary**  
There was one medium priority recommendation in relation to the procurement processes and there will be follow up to this audit. There will be a further audit on procurement later in the year specifically in relation to departments' compliance with processes and procedures.
- 5.7 **Transformation and Business Case Executive Summary**  
There were two medium priority recommendations, one around the end of project reviews and highlight reports so that any lessons learnt can be taken forward.
- 5.8 **Estates Strategy and Police Executive Summary**  
One recommendation around risk assessments for home workers within the Estates Department.
- 5.9 **Progress against Annual Plan**  
As well as the three final reports issued, TIAA have four audits that are either in progress, field work has been completed or the draft report has been issued so these are expected to come back to the next meeting as a final report. The rest of the audits have already been scheduled in for Q3 or Q4 or are in the process of being scheduled in for these quarters.
- 5.10 At the back of the report briefings on developments in governance, risk and control are now included. These are also published on TIAA's website and TIAA also have a central team who look at developments in different sectors.
- 5.11 A Matthews questioned whether with the current Covid19 situation if the plan is still achievable. F Dodimead confirmed that the plan would be achievable. All audits have been assigned to staff for the year so the resources are in place. The only impact could be if there was a second lockdown which could affect the audit plan.
- 5.12 A Bennett asked about the procurement audit and the management comments in relation to the authority level for the emergency purchasing of goods/services. A Bennett asked for assurance that the ordering of goods without going through ERP should be at the right level of authorisation. The ACO advised that the items purchased were relating to PPE during the initial busy Covid19 period. A Matthews questioned whether these transactions were noted in the gold/silver logs for Covid19 as someone took the decision not to follow the process so this should have been noted in the logs and asked if it was possible for the Audit Committee to cross reference this to show that there was some governance behind the decisions to purchase outside of the process.

**New action 32:** F Dodimead to ensure that the silver/gold logs are made available to the Audit Committee to ensure these can be cross referenced with any decisions to purchase made outside of the process.

- 5.13 A Bennett also raised the issue of the home working risk assessment and asked if a risk assessment had been done for GDPR when working from home.
- 5.14 A Bennett queried about the key findings with the Estates audit stating that the Estates Strategy is out of date. The ACO informed the Audit Committee that the Estates Strategy was for four years commencing 2016 so was due to be reviewed this year but due to Covid19 this was delayed. Subsequently an interim strategy has been put in place which has been discussed with the OPCC in terms of the plans the constabulary have got for the estate particularly around the greater Norwich, Hethersett and Wymondham areas.
- 5.15 In relation to the questions raised in 5.12, 5.13 and 5.14, the ACO confirmed that there is an ongoing piece of work to ensure there is a response to the management reports and demonstrate that any risks will be mitigated. This message will be taken back to heads of departments. The Chair requested that if there could be more detailed responses made available in relation to the audits then this would mitigate supplementary questions from the Audit Committee.
- 5.16 In relation to 5.14 above J Hills asked that due to the fact that more staff will now be working from home how that would impact on the Estates Strategy and is working from home expected to be a more permanent arrangement. The ACO informed the Audit Committee that some detailed work had already taken place in relation to this and a Modern Workplace Programme Board has now been set up jointly chaired by both Norfolk and Suffolk ACOs. In Norfolk some detailed work has commenced to review Buildings 1-9 at OCC to understand detail around capacity. There has also been a significant response from staff questionnaires and any learning from these will be fed back in to the Modern Workplace Programme Board agenda. This work needs to be consistent across both forces to ensure that the joint space is aligned as much as possible. C Lavery also confirmed that this would be covered within the strategic governance and the Covid19 resilience review Audit.
- 5.17 The Chair raised the issue of the briefings in Appendix D which are very helpful, but asked if there is anything that the Audit Committee need to do to cover this going forward. F Dodimead confirmed that the Audit Committee would be informed immediately of any potential frauds and also will provide independent verification of data.
- 5.18 **Follow Up Review**  
The Chair informed meeting that he felt that the follow up review is very clear and the Executive Summary very useful. There has been some revision to dates which is to be expected in the present circumstances.
- 5.19 F Dodimead reported to the meeting that in terms of the summaries there has been some movement and gave an update on the outstanding recommendations. A Matthews raised issue that some of the updates were in January 2020 and we are now in September. The ACO reported that some of

the delays are due to Covid19 but not all. The Programme Management Office are now contacting all owners of the recommendations for them to provide updates and advise how they are mitigating risks. This process needs to be tightened to ensure the responses come back swiftly. In terms of the 30 recommendations listed on the report 18 of these are within date and a further 8 will be discussed with TIAA to enable these to be removed or discharged.

- 5.20 A Matthews raised the issue of a priority 1 action on page 54 of the report where the date was moved by seven months. The ACO informed the meeting that this was a mis-application of a policy that was already in place around limited duties. HR are now applying the policy correctly and making sure the meetings are being held in accordance with the policy. HR will be discussing with TIAA to discharge. A Matthews suggested that there should be a fixed timescale for any priority 1 recommendations to be actioned after the audit to ensure the Audit Committee keep track of these recommendations.

**New action 33:** A Matthews suggested that there should be a fixed timescale for any priority 1 recommendations to be actioned after the audit to ensure the Audit Committee keep track of these recommendations. The ACO suggested that rather than a fixed timescale, more emphasis is given to P1 progress in terms of reporting from TIAA and response from the constabulary so that the committee could hold the constabulary to account on progress on these issues. It was agreed that the ACO and TIAA would discuss this item at the pre-meets which are being set up.

## 6.0 Corporate Governance Framework

- 6.1 It was noted that this is now displayed on the website. J Hills, audit committee member, helped with the building of this framework. There were very limited changes mainly checking committees and names. The Audit Committee duly noted this document.

## 7.0 Annual Governance Statement

- 7.1 The CFO informed meeting that although this is the final draft, we will need to wait until the final accounts are received, hopefully in October 2020, which EY should confirm shortly. There have been amendments made due to moving through the Covid19 pandemic and there will also be amendments that the Audit Committee may need to make.
- 7.2 The ACO asked to be noted 5.8 of the report, Incident of Fraud, this has been reported back to EY as part of the account's governance. There were also a couple of other items discussed at the Audit Committee today that will now be included within this statement. These can be included up to the time that the Auditors give their opinion which will be in October.
- 7.3 J Hills had also emailed the ACO and CFO in relation to the breaches of counterparty limits, which is to be discussed later in the agenda within the Treasury report and asked that this should be included with the AGS within the Covid19 section.

- 7.4 A Matthews asked in relation to the incident of fraud mentioned on page 80, how the Audit Committee are made aware of items of fraud within the organisation. The ACO informed the Audit Committee would be made aware through AGS. When an fraud has been identified the force will contact External Audit, Internal Audit and PSD. A Matthews asked if there could be a report issued bi-annually to the Audit Committee to show a list of frauds that have been identified during the period, showing a nil return if applicable. The ACO reported that incidents of fraud were rare.

**New action 34:** It was agreed that Fraud should be a standing item on the agenda even if there is a nil report for the period. The ACO and CFO to actioned this.

- 7.5 A Bennett felt that because of the delays with the AGS report this year that some items in the narrative are now out of date. It was agreed to amend 5.2 to read 2019/2020 not 'current year'.

- 7.6 A Bennett also asked if the 2020/2021 audit programme could be crossed referenced with a single line statement.

- 7.7 A Bennett asked for the table on page 80 to be amended to show the income that has been secured and the total to come further up the table. The Chair also asked for the wording in the boxes of the table to be amended to ensure it is clear.

**New action 35:** The ACO and CFO to arrange for points 7.5, 7.6 and 7.7 raised in relation to the AGS to be actioned.

- 7.8 The final version will be reviewed by the Committee at the next meeting on 20 October 2020.

## 8.0 **Audit Committee Skills Review**

- 8.1 The CFO has reviewed all the returns and confirmed that the Audit Committee now has wide range of skills from all its members.

- 8.2 J Hills raised the issue of the morning sessions and whether they would be reinstated. The CFO informed meeting that it had been agreed that there would be an hour session on the morning on 20 October and this would be to discuss the going concern work for EY and the afternoon would be to review the accounts. J Hills suggested that possibly the morning sessions could be on a different day but it was agreed that the morning session on the 20 October would remain.

**New action 36:** The ACO and the CFO to consider changing the two-hour morning sessions next year to a different day to the Audit Committee meeting.

## 9.0 **Treasury Management Briefing**

- 9.1 The CFO confirmed that the breaches within the report are both only for two days and all authorisations and protocols were followed. This is something that had to be done during the current circumstances. I Fearn felt that going forward



this should be built into our strategy to enable us to be more responsive and permission from the CFOs would be always be sought to breach our counterparty limits. The report was duly noted by the Audit Committee.

## 10.0 **Forward Work Plan**

- 10.1 The CFO brought to the attention of the meeting the fact that the forward plan only goes to April 2021 as currently we are not aware of EY's plans. The Redmond review has indicated that 30 September will be the accounts deadline. A Matthews asked if it would be a hard or soft deadline, but the CFO advised that this has not been decided. This would be discussed further at a forthcoming Audit Committee meeting. There has been an invitation to attend a public sector briefing from Tony Redman early October and this has been circulated to the Audit Committee to attend if they wish to.
- 10.2 The Chair raised the issue the timing of the Annual Report to the Police and Crime Commissioner and the Chief Constable as a draft copy is normally presented to the Audit Committee. The CFO informed the Audit Committee that previously this has been considered by the Committee at the January meeting and confirmed that she would add this to the agenda.

### **Date of next meeting:**

**Tuesday 20 October 2020**

**Morning session: 1030 – 1130 hours**

**Audit Committee 1400 – 1600 hours**



Audit Committee

Action Log

Action Number	Meeting Date	Actions and update	Owner	Status
<b>New actions: 22 October 2019</b>				
003	22.10.19	<p>The Chair requested that a review of the STA register be included on the forward programme for the informal morning briefing sessions of the Audit Committee. This action is to be carried forward to be considered at the next free morning session.</p> <p><b>14.1.20</b> Information on the STAs provided to members in the informal briefing session on 14 January. Members to review outside of the meeting and provide comments to the chair.</p> <p><b>21.5.20</b> Further worked is planned by the newly formed 7Force Procurement Team and TIAA will be linked into this work. Results will be available for Norfolk in due course and the ACO will provide an update on the timeline at the June 2020 meeting.</p> <p><b>21.9.20</b> The audit work on 7 Force Procurement will be complete shortly and the results shared with the Committee.</p>	R Bennett P Jasper	Live
006	22.10.19	<p>ACO to arrange for the Committee to be briefed, at a forthcoming morning session of the Audit Committee, by Ralph Jackman who heads up the 2020 team.</p> <p><b>14.1.20</b> This is now on the list that has been circulated and will take place at the April 2020 meeting.</p> <p><b>21.5.20</b> The meeting in April was cancelled, so this action remains live.</p> <p><b>21.9.20</b> R Jackman will now brief in 2021 and this is now logged on the forward plan. It was agreed to close this action.</p>	P Jasper	21.9.20 closed

008	22.10.19	The ACO will forward any updates received by him to the Audit Director to update the follow up report. <b>14.1.20</b> Action complete. <b>21.5.20</b> The next follow up report will be reviewed at the September meeting. <b>21.9.20</b> Follow up plan to be reviewed at this Audit Committee and it was agreed to close this action.	P Jasper	21.9.20 closed
012	22.10.19	Self-Assessment Document S Lister to check where the register of skills and experience is kept and then this to be circulated to the Committee for them to update their details. <b>14.1.20</b> Action complete. <b>21.5.20</b> The PCC CFO is preparing a report following the self-assessment review and will present a paper to the Committee meeting scheduled for September 2020. <b>21.9.20</b> Complete document presented to the Committee	<del>S Lister</del> J Penn	21.9.20 closed
016	22.10.19	Risk Management Policy and Procedure Monitoring and Review of Risk TIAA to read both documents and feedback any comments/issues with these documents to S Lister. Morning session of future Audit Committee to include brief from C Harris TIAA on risk appetite. <b>14.1.20</b> Action complete. <b>21.5.20</b> Action remains live. F Dodimead to feedback comments on the Risk Management Policy. <b>21.9.20</b> F Dodimead informed the Committee that, currently, they do not have any comments on the policy. TIAA have regular meetings with the Policy Manager and if there is anything that comes out of these quarterly meetings then TIAA will bring back to the Audit Committee. It was agreed that this action could be closed.	<del>S Lister</del> F Dodimead	21.9.20 closed
<b>New Actions: 14 January 2020</b>				
019	14.01.20	The PCC CFO to arrange for the Terms of References to be amended to reflect the changes recommended by the Committee. <b>21.5.20</b> This work is ongoing as the PCC CFO is currently finalising the changes. <b>21.9.20</b> It was agreed to close this action.	J Penn	21.9.20 closed
021	14.01.20	The ACO and F Dodimead to look at those recommendations that are linked to future changes to systems/processes and arrange for a separate report to be available for the Committee. <b>21.5.20</b> Revised report will be presented at the meeting in September.	P Jasper/F Dodimead	21.9.20 closed

		<b>21.9.20</b> Clarification has now been received in the follow up report and it was agreed to close this action.		
023	14.01.20	A Bennett queried the definition of the PCC and Legal Corporate Body and the PCC CFO to ensure that this is clarified in the Policy document. <b>21.5.20</b> Work ongoing action remains live <b>21.9.20</b> It was agreed to close this action	J Penn	21.9.20 closed
<b>New Actions: 21 May 2020</b>				
025	21.05.20	<b>14 January Audit Committee meeting - item 5.18 refers.</b> A Matthews asked the following two questions: How does the Committee know when internal audits are placing reliance on work that has been carried out internally? How does the Committee get to know about other internal reviews? Both of these questions to be added to the action log for further follow up. <b>21.9.20</b> It was agreed that, provided a briefing on HMIC is received at the morning briefings and TIAA ensure that updates are included on their progress report, the action could now be discharged.	P Jasper	21.9.20 closed
026	21.05.20	<b>Internal Audit Contract</b> It was requested by A Bennett that an item that was discussed at the Committee Meeting on 14 January (item 11.1 refers) be added to the action log. Namely that the Committee members have offered to be part of the appointment process, if required. The PCC CFO informed meeting that work is in progress and once the timeline is ready the Committee will be invited to be involved in the process. <b>21.9.20</b> A Bennett confirmed that she was happy that the item was closed but queried about the timeline as this was due to be presented to the Audit Committee. The ACO to arrange for this to be circulated to the Committee. Action to be re-opened.	P Jasper	Addendum added to the minutes – action now closed – 17.6.20 <b>21.9.20</b> Action re-opened for procurement timeline to be circulated.
027	21.05.20	<b>Reasonable Assurance Reports</b> There had been a number of questions raised by the Committee in relation to the reasonable assurance reports but due to time constraints these will be dealt with outside of the meeting via email. J Penn has a log of these and will ensure that they are forwarded to TIAA to be dealt with. <b>21.9.20</b> F Dodimead to circulate the list of questions and responses to the Audit Committee.	<del>J Penn</del> F Dodimead	Live

028	21.05.20	<p><b>Allowances – Limited Assurance</b> A Bennett asked what was going to happen in the meantime until these policies are in operation and the ACO is to ensure that this is covered in the revised response and ensure the timetable for the new policies is amended in line with the discussions that took place. <b>21.9.20</b> This was specifically around good work recognition and honoraria and there were also a number of other HR policies also mentioned in the follow up report. The timeline for drafting of the policy has been met and this will now go through a consultation phase. There will be joint meetings with Unison and staff associations where those policies will be signed off, scheduled in for December 2020. In the meantime, the policy and reward team are working with the Senior HR Manager and HR business partners to make sure, ahead of that policy being in place there is some level of custom and practice consistency and payroll are also checking any items that come through to them. It was agreed to close this action</p>	P Jasper	21.9.20 closed
029	21.05.20	<p><b>Policies</b> The Chair felt that there was a recurring theme with a number of these reports in that policies need to be reviewed or created. F Dodimead to discuss this with the Policy Unit when meeting with them in the next couple of weeks. This would then be further discussed by the Committee either as a briefing session or an agenda item. <b>21.9.20</b> Overall in terms of HR Policies, previously 50% of policies were out of date 12 months' ago but now 77% are in date and the Policy Team are continuing to improve the number of policies that are in date. There has, therefore, been a significant improvement. J Hills raised issue that it is taking a long time for policies to be approved. A Bennett raised issue that the Audit Committee needs to know what is in place to mitigate issues until the policy is fully ratified. The Chair confirmed that the Audit Committee would like to review this again and P Jasper confirmed that this item will be listed on the forward plan for a morning briefing in the future and therefore this action can be closed.</p>	F Dodimead	21.9.20 closed.
030	21.05.20	<p><b>Collaborations</b> P Hargrave asked a question about collaborations and how we assess whether they are fulfilling the requirements and are we testing for value for money? F Dodimead confirmed that there is collaboration in the plan as it was moved from last year to this year. This will assess whether it is fulfilling the requirements, is it working in the way it was intended, what has been the impact and are there</p>	F Dodimead	21.9.20 closed

		<p>processes in place to assess if it has been successful. F Dodimead confirmed that following P Hargrave's question this would be considered within the review.</p> <p><b>21.9.20</b> F Dodimead confirmed that collaboration is in the plan for Q4 this year. There are a number of different areas for collaboration, i.e. 7Force, Norfolk and Suffolk, Fire Service etc. It was agreed to close this action.</p>		
<b>New Actions: 21 September 2020</b>				
32	21.09.20	<p><b>Covid19 Gold and Silver logs</b> F Dodimead to ensure that the silver/gold logs are made available to the Audit Committee to ensure these can be cross referenced with any decisions to purchase made outside of the process.</p>	F Dodimead	Live
33	21.09.20	<p><b>Priority 1 recommendations</b> A Matthews suggested that there should be a fixed timescale for any priority 1 recommendations to be actioned after the audit to ensure the Audit Committee keep track of these recommendations. Rather than a fixed time period, ACO suggestion was that more emphasis being given to P1 progress in reporting from TiAA and responses from Constabulary in order for the committee to hold the constabulary to account on progress. It was agreed that the ACO and TIAA would discuss this item at the pre-meets which are being set up.</p>	P Jasper/F Dodimead	Live
34	21.09.20	<p><b>Incidents of Fraud</b> It was agreed that Fraud should be a standing item on the agenda even if there is a nil report for the period. The ACO and CFO to action this.</p>	P Jasper/J Penn	Live
35	21.09.20	<p><b>Amendments to the Annual Governance Statement</b> The ACO and CFO to arrange for points 7.5, 7.6 and 7.7 raised in relation to the AGS to be actioned.</p>	P Jasper/J Penn	Live
36	21.09.20	<p><b>Audit Committee Morning Briefing Sessions</b> The ACO and the CFO to consider changing the two-hour morning sessions next year to a different day to the Audit Committee meeting.</p>	PJasper/J Penn	Live



<b>ORIGINATOR: Chief Finance Officers</b>	<b>DECISION NO.</b> Enter Year/
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**REASON FOR SUBMISSION: Decision**

**SUBMITTED TO: Audit Committee – 20<sup>th</sup> October 2020**

**SUBJECT: Statement of Accounts 2019/20**

**SUMMARY:**

1. The Police and Crime Commissioner’s (PCC) and Chief Constable’s (CC) draft Statements of Accounts were considered at an informal (private) meeting of the Committee on 9 June 2020. The Committee asked to be informed of any significant changes following the audit. These are shown at Appendix 1.
2. The draft Annual Governance Statement published with the draft Statements of Account in June has been updated and is attached at Appendix 2.
3. The external auditor’s Audit Results Report, (ARR), is circulated with this report and will be presented by Mark Hodgson, Associate Partner, Ernst and Young.
4. The external auditor requires Letters of Representation to be signed by the Chief Finance Officers (CFO’s) before issuing his final audit opinion on the Statements of Accounts and these are included within the ARR.
5. The PCC, Chief Constable, Chief Executive and both CFO’s, will sign formally the accounts after endorsement by the Committee.

**NB: Hard copies of the Statements of Accounts are available, on request to the Office of the Police and Crime Commissioner.**

**RECOMMENDATION:**

The Committee is invited to recommend the Statements of Accounts and the Annual Governance Statement for signature by the PCC and Chief Constable.

## **DETAIL OF THE SUBMISSION**

### **1. BACKGROUND:**

#### **1. BACKGROUND**

1.1 The Accounts and Audit (England) Regulations 2015 require authorities to follow “proper practices in relation to accounts” for the preparation of the Statement of Accounts. The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) constitutes “proper accounting practice” in England and Wales under the terms of Section 21 (2) of the Local Government Act 2003. PCCs and CCs in England and Wales are defined as local authorities under Section 23 (as amended by the Police Reform and Social Responsibility Act 2011) and are required, therefore, to follow the Code.

1.2 The Home Office Financial Management Code of Practice for the Police Service of England and Wales requires the Chief Financial Officer (CFO) of the PCC to be responsible for ensuring the production of the Statements of Accounts and the Group Accounts of the PCC, and the CC CFO has the same responsibilities on behalf of the Chief Constable. The legal framework indicates that the Statements of Accounts including the Group Accounts and the single entity financial statements should be produced in accordance with the Code’s requirements.

1.3 The draft Statements of Accounts 2019/20 were considered informally by the Committee on 9 June 2020.

### **2. CHANGES TO THE ACCOUNTS AND THE AUDIT RESULTS REPORT**

2.1 Appendix 1 sets out the main changes which have been made to the draft accounts.

2.2 The external auditor’s Audit Results Report for the year ended 31 March 2020 is circulated with this report and will be presented by Mark Hodgson.

### **3. ANNUAL GOVERNANCE STATEMENT (AGS)**

3.1 The draft AGS was considered by the Committee at its April meeting and an updated draft at the September meeting. Attached at Appendix 2 is the final AGS for consideration by the Committee following comments raised by the committee.

### **4. LETTERS OF REPRESENTATION**

4.1 The appendices to the Audit Results Report include the draft Letters of Representation, which are required to be signed by each corporation sole and the relevant CFO and provided to the external auditor prior to issuing his opinion on the PCC and CC’s financial statements.

### **5. PROCESS FOR FINAL APPROVAL**

5.1 On the basis that there are no further comments from the Committee, the Annual Governance Statement, the Letters of Representation and the two sets of Accounts will be signed off by the relevant parties.



5.2 The auditor will then sign the accounts and the audited accounts will be placed on both websites.

## 6. FINANCIAL IMPLICATIONS

6.1 There are no financial implications of any significance arising from consideration of this report.

## 7. OTHER IMPLICATIONS AND RISKS

7.1 There are no other implications or risks associated with consideration of this report.

<b>ORIGINATOR CHECKLIST (MUST BE COMPLETED)</b>	<b>PLEASE STATE 'YES' OR 'NO'</b>
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Not applicable
Have human resource implications been considered?	Not applicable
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Not applicable
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Not applicable
Has communications advice been sought on areas of likely media interest and how they might be managed?	No – not considered necessary

In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?

Ethical considerations have been taken into account in the production of the Annual Governance Statement and the Accounts.

**Appendix 1**

## Main Changes to the Draft Accounts

<b>Norfolk PCC Group</b>	<b>Final</b>	<b>Draft</b>	<b>Movement</b>		
	<b>£k</b>	<b>£k</b>	<b>£k</b>		
<b>CIES lines</b>					
Division of Service:					
Constabulary	178,734	196,374	(17,640)		McCloud remedy adjustment
				(4,780)	Current service Cost
				(12,860)	Past Service Cost
Pension Interest Cost	47,130	47,190	(60)		McCloud remedy adjustment
Precepts	(75,210)	(75,682)	472		Estimates used in drafts as billing authorities hadn't provided in time therefore relates to movement on collection fund
Remeasurements of the net defined benefit liability	(197,640)	(204,554)	6,914		
				5,878	McCloud remedy adjustment
				1,036	IAS 19 reports revised for actual LGPS pension asset values
<b>Total Comprehensive Income and Expenditure</b>	<b>(159,097)</b>	<b>(148,783)</b>	<b>(10,314)</b>		
<b>Balance Sheet Lines</b>					
Short term debtors and prepayments	15,864	16,033	(169)		Council Tax Estimates used in drafts as billing authorities hadn't provided in time therefore relates to movement between estimates and actuals
Short term creditors and accruals	(18,933)	(18,630)	(303)		Council Tax Estimates used in drafts as billing authorities hadn't provided in time therefore relates to movement between estimates and actuals
Other Long term Liabilities	(1,771,395)	(1,782,181)	10,786		Pension Liabilities
				11,822	McCloud remedy adjustments
				- 1,036	IAS 19 reports revised for actual LGPS pension asset values
<b>Net Assets and Liabilities</b>	<b>(1,751,380)</b>	<b>(1,761,695)</b>	<b>10,315</b>		£1k rounding
<b>MIRS Lines</b>					
Surplus or (deficit) on provision of services (accounting basis)	(46,225)	(63,454)	17,229		
<i>Difference between IAS19 pension costs and those calculated in accordance with statutory requirements</i>				17,700	McCloud remedy adjustment
<i>Movement on the Collection Fund Adjustment Account</i>				(471)	Estimates used in drafts as billing authorities hadn't provided in time therefore relates to movement on collection fund
Other comprehensive income and expenditure	205,323	212,237	(6,914)		
				- 5,878	McCloud remedy adjustment
				- 1,036	IAS 19 reports revised for actual LGPS pension asset values
<b>Total Reserves</b>	<b>(1,751,381)</b>	<b>(1,761,695)</b>	<b>10,314</b>		
<b>Cash Flow Lines</b>					
Net Surplus/(deficit) on the provision of services	(46,225)	(63,454)	17,229		
				17,700	McCloud remedy adjustment
				(471)	Estimates used in drafts as billing authorities hadn't provided in time therefore relates to movement on collection fund
Adjustment for non cash or cash equivalent movements	57,536	74,764	(17,228)		McCloud remedy adjustment
Purchase of short-term or long term investments	(31,500)	(3,000)	(28,500)		Grossing up of investments placed
Proceeds from short-term or long-term investments	34,500	6,000	28,500		Grossing up of investments matured
<b>EFA Lines</b>					
Constabulary	178,734	196,374	(17,640)		McCloud remedy adjustment
				(4,780)	Current service Cost
				(12,860)	Past Service Cost
Other Income and Expenditure	(133,199)	(133,611)	412		
				- 60	McCloud remedy adjustment = pension Interest
				472	Council Tax Adjustments
<b>Deficit/(surplus) on the provision of services</b>	<b>46,225</b>	<b>63,454</b>	<b>(17,229)</b>		

Main changes to the draft accounts (cont)

<u>Changes to Notes</u>
Note 4 further clarification on material valuation uncertainty relating to PPE valuations
Note 6 - Amendments made as per EFA above
Note 8 - Benefits in Kind have now been added to senior positions
Note 11 - Amendments have been made to account for Council tax information received from billing authorities. Much of this information was not available at 31 May so estimates were made.
Note 13 - An amendment was made to the disclosures associated with depreciation movements on revaluation, rather than split revaluations arising within the CIES and the revaluation reserve within the cost and depreciation sections, it was decided to add an additional disclosure showing the split after the table
Note 16 - Detailed disclosure changes were made to reflect the change in the McCloud remedy assumptions announced in the Summer. Amendments were also made to reflect actual asset return rather than estimated return on the LGPS
Note 18 amended to reflect change in Council tax balances
Note 21 amended to reflect change in Council tax balances
Note 22 amended to reflect change in McCloud remedy and the movement on council tax balances
Note 28 amended to reflect those balance changes arising within the MIRS and detailed above
Note 30 - the PBSE note has been revised slightly to reflect that the COVID pandemic should be treated as an adjusting event
Pension Fund Statement - this was amended to show the additional contribution the employer needs to make up between the contribution rate of 31% and the 21.3% funded through the Police Grant within Contributions rather than as a separately disclosed additional funding contribution from the policing body



## ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER FOR NORFOLK AND THE CHIEF CONSTABLE OF NORFOLK 2019/20

### 1. Background

- 1.1 This Annual Governance Statement (AGS) covers the financial year 2019/20 [but extends to cover the period to the signing of the Statements of Accounts in October 2020. This statement is an opportunity to demonstrate compliance with the Code of Corporate Governance.
- 1.2 The Police and Crime Commissioner (PCC) and the Chief Constable for Norfolk are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.3 In discharging this overall responsibility, the PCC and Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of governance (incorporating the system of internal control) is maintained through the year and that arrangements are in place for the management of risk.
- 1.4 The Corporate Governance Framework, which sets out how governance 'works' for the PCC and Chief Constable, can be found on the PCC's website ([www.norfolk-pcc.gov.uk](http://www.norfolk-pcc.gov.uk)) or may be obtained from the Office of the Police and Crime Commissioner for Norfolk, Building 1, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.
- 1.5 This Framework includes the joint Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government [April 2016] (as expanded by a Guidance Note for Police [June 2016]).
- 1.6 The PCC's and Chief Constable's financial management arrangements conform to the governance requirements of the current CIPFA Statement on the Role of Chief Financial Officers in Policing. This statement is being revised but has yet to be formally issued at the time of writing.
- 1.7 This AGS also explains how the PCC and Chief Constable have complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the review of the effectiveness of the system of internal control and the publication of an annual governance statement.

## 2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes and culture and values by which the PCC and Chief Constable are directed and controlled, and the activities through which they account to and engage with the community. It enables the PCC and Chief Constable to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the timely delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PCC's and Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.
- 2.3 However, good governance is not only about processes, rules and procedures. The governance framework should be applied in a way which also demonstrates the spirit and ethos of good governance. Shared values which are integrated into the culture of an organisation and are reflected in behaviour and policy are essential hallmarks of good governance.

## 3. The Governance Framework

- 3.1 The Chief Constable is responsible for operational policing matters, the direction and control of police officers and police staff, and for putting in place proper arrangements for the governance of the Constabulary. The PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under the Chief Constable's direction and control. It therefore follows that the Commissioner must satisfy himself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.
- 3.2 The PCC has adopted a Corporate Governance Framework (including the Code of Corporate Governance) and a Scheme of Governance and Consent which includes Financial Regulations and Contract Standing Orders. These are reviewed periodically in accordance with requirements.
- 3.3 The governance framework has been in place throughout the financial year 2019/20 (ending 31 March 2020) and [up to the date of the approval of the Statements of Accounts].
- 3.4 The key elements of the systems and processes that comprise the PCC's and Chief Constable's governance arrangements and how these adhere to the seven principles in the Code are set out below: -

### **Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

- 3.5 The Police Code of Ethics, produced by the College of Policing, describes the principles that every member of the policing profession in England and Wales is expected to uphold and the standards of behaviour they are expected to meet. This Code applies to all those who work for the Constabulary, be they police officers, police staff, contractors or volunteers. Staff have been made aware of the Code of Ethics and its implications. Policies, procedures and training products are reviewed in line with the Code and it is

central to decision making using the National Decision Making Model. Where there are breaches of the Code of Ethics or the Standards of Professional Behaviour there is a positive duty to report these matters. The Joint Professional Standards Department receives such reports and these are investigated appropriately and in accordance with Police Regulations. A Code of Conduct based on the Code has also been adopted by the PCC and staff of the OPCC.

- 3.6 Following the enactment of the Police and Crime Act 2017 a number of Police Regulations changed on 1<sup>st</sup> February 2020 and these changes include the Chief Constable no longer being the appeal body for complaints from the public with the PCC now becoming the review body. Appeals are now referred to as a 'right to review'. Other changes include less serious misconduct matters being dealt with as 'Practice Requiring Improvement' which will involve line managers in improving the officer's performance rather than instigating formal misconduct proceedings. The OPCC and the Constabulary have been working together to plan for these changes and have undergone the necessary training in preparation for the new regulation changes. The implementation of the new model has now been in operation since February 2020 and there have been no issues and the process is operating smoothly.
- 3.7 Formal policies also exist in respect of whistle blowing, public complaints, anti-fraud and corruption, declaration of business interests, gifts, loans and hospitality and disclosable associations. An Ethics Committee has been established to enable staff to raise for consideration ethical issues affecting the Constabulary to enable further improvement in the transparency, professionalism and ethical approach of staff, policies and procedures to such issues. A Joint Integrity Board has also been established with the aim of securing the internal confidence of staff and officers in the fair application of policy and process in matters of integrity and ethics and to ensure that the organisations manage risk and learn from cases to improve the service provided.

#### **Principle B - Ensuring openness and comprehensive stakeholder engagement**

- 3.8 The OPCCN's website contains details of the meetings the PCC holds with the public, partners, Chief Constable, Audit Committee and Police and Crime Panel. Agendas, reports and minutes are available for public scrutiny where appropriate and social and digital media are frequently used to inform people unable to attend and to summarise meetings and key decisions.
- 3.9 The Constabulary offers regular, direct updates via its social and digital channels including Twitter, Facebook, Instagram, Next Door, LinkedIn, the force website, and indirectly via the local media. In addition, members of the public can sign up to the free Police Connect service to receive details of local crimes, initiatives and engagement opportunities via e-mail, voicemail or text.
- 3.10 The Constabulary Community Engagement Strategy and Business Plan sets out how the Constabulary will effectively engage with the residents of Norfolk in accordance with Section 34 of the Police Reform and Social Responsibility Act 2011. Key aims include actively engaging with the public, using digital technology to reach a wider audience, ensuring officers and staffs have a clear understanding of expectations, working with partners, and acting on feedback to ensure we meet needs and requirements. Seven Community Engagement Officers have been appointed to each of the policing districts within the county and are using social media in a number of different ways to communicate effectively with the public.

- 3.11 Representatives of the PCC attend meetings regularly to ensure that the arrangements the Constabulary has in place are effective. The PCC's Office (OPCC) also has its own Communications and Engagement Strategy setting out how it will obtain the views of the community and victims of crime regarding policing. This was updated for 2016-2020. The OPCCN has a Consultation and Engagement Officer to review, develop and deliver its engagement activities and oversee delivery of the Strategy.
- 3.12 The PCC held a countywide budget consultation asking Norfolk people whether they agreed to a precept rise for 2020/21. Key partners were also consulted. The results of the police budget 2020/21 consultation show that 59.8% of those who took part said they would be prepared to pay extra through the policing element of their council tax. Of those who showed a preference for an increase, 31.8% stated that they would not be willing to pay more than 2%. The PCC holds regular public meetings (Police Accountability Forum) to hold the Chief Constable to account and hosts public Q&A meetings around the county where residents can quiz senior police officers about the policing of their neighbourhoods.
- 3.13 The OPCC manages a key independent advisory panel, the Independent Advisory Group (IAG).
- 3.14 The Constabulary measures the satisfaction of service users through the use of victim surveys and reports to the Office of the PCC on levels of satisfaction as one of the agreed Police and Crime Objectives. It also reviews public confidence through monitoring of results through the Crime Survey of England and Wales.
- 3.15 Norfolk Constabulary collaborates extensively with Suffolk Constabulary as it has done since 2008. This formal collaboration is across a range of services including operational policing and back office functions. The PCC is required to give approval to collaborative opportunities before they can commence. The PCCs of Norfolk and Suffolk meet during the year to discuss and discharge their governance responsibilities. In addition to this there are governance arrangements that cover operational managers and Chief Officers. The main drivers have been to maintain the effectiveness of operational and organisational support and to drive out savings through economies of scale and efficiencies in order to protect front line resources wherever possible.
- 3.16 There are also services that are subject to ongoing regional collaboration. A Seven Force Strategic Collaboration Programme has been established (this is essentially the three strategic collaborations of Norfolk/Suffolk, Kent/Essex and Bedfordshire/Cambridgeshire/Hertfordshire) with a mission to develop options for wider collaboration in order to make efficiencies and drive out further savings. The programme is governed jointly by the seven PCCs and seven Chief Constables.

**Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits**

- 3.17 Following his arrival in May 2016, the PCC has consulted widely on his Police and Crime Plan (2016/20) and this was published in March 2017. The Plan sets out seven core priorities for Norfolk and outlines the PCC's vision for tackling and preventing crime, protecting the most vulnerable and supporting victims. The PCC elections in May 2020 were cancelled due to the COVID-19 pandemic and the elections will now take place in 2021. The priorities and plan have continued as below for the extension of the current PCC's term.



The seven priorities are: -

- Increase visible policing
- Support rural communities
- Improve road safety
- Prevent offending
- Support victims and reduce vulnerability
- Deliver a modern, innovative service
- Good stewardship of taxpayers' money.

3.18 The Plan is monitored through two public forums:

- The Police Accountability Forum where the Chief Constable is held to account by the PCC for delivery against the Police and Crime Plan.
- The Norfolk Police and Crime Panel where the PCC is held to account by the Panel for delivery against the Police and Crime Plan.

All of these performance reports are published on the OPCCN website <https://www.norfolk-pcc.gov.uk/police-accountability-forum/>

and the Police and Crime Panel section of the Norfolk County Council website:

<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/partnerships/crime-and-disorder-partnerships/police-and-crime-panel>

- 3.19 There is a co-ordinated process for strategic and medium-term financial planning (MTFP) that uses Outcome Based Budgeting (OBB) principles. The budget for 2019/20 proposed by the PCC was based on an increase in the council tax (following consultation) of £10 per annum for a Band D equivalent property. The increase in the precept has been used to invest in and improve services for the communities of Norfolk. The PCC's proposal was unanimously supported by the Police and Crime Panel. Savings were required to balance the budget but through central government funding for Operation Uplift it is possible to increase police officer numbers. The work involved in preparing the budget and the MTFP requires close liaison with operational staff and budget managers followed by a detailed process of scrutiny and challenge by Chief Officers in order to ensure that the MTFP can finance the strategic aims of the Constabulary and the PCC.
- 3.20 There is a clearly defined corporate performance management framework. Objectives and key performance indicators are established and monitored both at a corporate and local level. Regular reports are made to senior managers, the Command Team, the Commissioner and the Norfolk Police and Crime Panel on performance against objectives. This includes detailed analysis and scrutiny of performance and compares performance against the most similar family of forces.
- 3.21 Proposals for collaboration go through a detailed process, designed to ensure that all options are considered, outcome and risk assessed and that all parties can sign up to formal agreements in the knowledge that future policy, performance and resource levels are recognised at the offset. Dedicated resources are in place to support those units subject to Norfolk / Suffolk collaboration, including the formulation of detailed business cases. The business cases are subject to review by senior officers and the Joint Chief Officer Teams of the two constabularies. Proposals are further discussed before final sign off by the two PCCs. This is underpinned by formal agreements covering the legal aspects of collaboration. A similar process applies to regional proposals.

- 3.22 A Programme Management Office oversee the planning, implementation and delivery of Norfolk and Suffolk Constabularies' overarching change programme in accordance with the two force's strategic priorities and reports upwards via the Joint Strategic Planning and Monitoring Board meeting into the Joint Norfolk and Suffolk Chief Officer Team.

**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

- 3.23 Norfolk and Suffolk Constabularies gather data and intelligence from a range of sources to produce an annual Strategic Assessment. The Strategic Assessment considers all relevant internal and external factors that might impact upon policing, crime and disorder at county and local level, highlighting emerging issues, risks and threats. All operational issues are risk assessed using the nationally recognised Management of Risk in Law Enforcement (Mormile) framework. The Strategic Assessment is then used to inform the development and review of the Police and Crime Plans, and the local policing plans and performance frameworks. It also leads to the setting of the Operational Control Strategy for which there are identified strategic leads for each theme area. Partners are consulted in the development of the Strategic Assessment and the final document is also shared with them to help aid their decision making and planning.
- 3.24 The Constabulary also undertakes strategic analysis in the form of Strategic Profiles. Where relevant, these are produced jointly for Norfolk and Suffolk, highlighting any cross force and single force issues. The profiles cover a range of strategic crime and thematic topics, including some looking at organisational issues such as equality, diversity and inclusivity. They provide a comprehensive account of the topic, taking into consideration any existing research or 'what works' evidence to inform strategic and tactical action plans and decision making. Partnership data is utilised wherever possible and consultation is also undertaken with stakeholders outside of policing as a key part of the process to ensure they are widely informed. These strategic profiles are used to inform the overall Strategic Assessment and help inform operational decision making.
- 3.25 The Strategic Business and Operational Services (SBOS) department undertakes analysis, research, and improvement and evaluation activity across the Constabulary, covering strategic, operational and performance reporting. SBOS also leads on policy, corporate risk management, programme management and corporate project work (including business analysis), along with crime registry and audit functions. The collaboration of these distinct areas of business within one department allows for more informed analysis to take place which could relate to any part of the organisation, whether operational or organisational. This collaboration also results in the greater use of a variety of techniques to aid tactical and strategic decision making and to formulate problem solving approaches. The department seeks to use an evidenced based approach to its work ensuring that the best available evidence regarding 'what works' is considered as part of the Constabulary's problem-solving activity and evaluations are conducted to ensure lessons are learnt and successes identified.
- 3.26 The department produces analytical work to support a number of forums and groups, including the Tasking and Co-ordination Group meetings and Performance and Accountability meetings, delivering strategic and tactical products which facilitate forward resource planning and the identification and management of threat, risk and harm, thereby minimising costs to the organisation. SBOS also produces analysis in collaboration with external organisations and partners (including Ambulance, fire service, county council, youth offending team, trading standards, etc.) in order to better understand performance in the context of shared demand. SBOS is also one of the founding partners of the Norfolk Office of Data Analytics (NODA), which went live at the end of 2019. NODA brings together local authority and police data to help inform 'whole system' analysis on high priority areas. The department supports the Constabulary in

meeting its statutory and legislative requirements regarding information and data provision including the Annual Data Returns as set out by the Home Office and provision of data for a large proportion of Freedom of Information Requests.

**Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

- 3.27 Norfolk and Suffolk Constabularies have Leadership Development Programmes for first line supervisors and managers, both officers and staff. These comprise of operational training sessions and materials mapped to the units required for the sergeants' certificate and inspectors' diploma, Best I Can Be management essentials and personal development skills sessions. Examples of these sessions include: Code of Ethics and Complaint Handling, Performance and Attendance, Wellbeing, Coaching Conversations and Having Difficult Conversations. In addition, the online, College of Policing, leadership development content is signposted. Other development opportunities such as coaching, 360 and assessor training are offered alongside College of Policing options on our intranet pages. The Insights Discovery profiling tool and also Strengths Deployment Inventory tool are used for team development. Over the next year, new mentoring, coaching and reverse mentoring programmes will be delivered to the wider workforce.
- 3.28 In Norfolk, the SPIRIT (Supportive, Professional, Integrity, Respect, Impartial, Transparent) leadership model has been launched and in Suffolk a review of Leadership is underway to create a refreshed leadership model for Suffolk. Both will reflect the Code of Ethics and the Core Values Framework.
- 3.29 The Constabularies have re-designed the Professional Development Review process to include the opportunity for all staff and officers to have career conversation with their manager and build a plan for development and where appropriate progression. The Professional Development Review (PDR) process continues to be improved and a PDR Quality Assurance process operates to monitor practice. This provides one to one support for a selected sample of managers and allows for the gathering of data on the quality of PDRs across the organisation. The data is fed into the organisation's People Board. PDR effectiveness is hampered by the lack of an electronic system meaning that PDRs are recorded using Word documents. Work is underway for an electronic PDR system and an IT specification has been developed. Both the ERP, HR system and the Chronicle skills system are being reviewed for suitability. In terms of Governance, a PDR Board and PDR project group are operating with the aim of developing, standardising and monitoring the effectiveness of PDR. Board representatives also participate in the College of Policing PDR project, this has led to newly published national PDR principles that are aligned to our own forces ambition to improve PDR validity and effectiveness.
- 3.30 The new Learning Management System has been developed and is currently used for student officers across both forces to carry out pre-learn packages and to compliment classroom teaching. The wider workforce will be able to access this system Spring 2020. This will allow for flexible blended learning approaches and aims to reduce classroom time as well as maximising opportunities for our staff and officers to access learning programmes remotely and at the point of need. Leadership Development content is also being designed to support the operational learning required such as briefing guidance, critical incident training, investigations and generic leadership and management. Content will also be added to support the soft management skills such as interviewing and unconscious bias.

**Principle F - Managing risks and performance through robust internal control and strong public financial management**

- 3.31 The PCC and Chief Constable have Risk Policies in place to ensure that the risks facing the organisation are effectively and appropriately identified, evaluated and reported. The Joint Norfolk and Suffolk (Constabularies) Risk Management Policy includes details of the risk management framework within the governance structure of Norfolk Constabulary. It sets out risk management requirements and practices that should be undertaken; by whom and when, and outlines the consequences of non-adherence. The policy supports a robust risk management approach for ensuring that strategic objectives are achieved and shows how risk is dealt with, by mitigation and/or escalation to the appropriate level in the organisations. A similar policy has been drawn up by the Norfolk Office of the PCC (OPCC). The Audit Committee routinely sees the Strategic Risk Registers.
- 3.32 The Crime Registry and Audit functions for Suffolk and Norfolk, which are part of the SBOS, carries out independent and rigorous audit of crime and incident recording. It provides an objective assessment of how the Constabularies are complying with the National Crime and Incident Recording Standards. The audit reports produced are reviewed by Chief Officers and if areas for improvement are identified, action is allocated and taken accordingly. As necessary, any areas of risk in relation to Crime Data Integrity are also raised at the Force Crime Data Integrity meetings and, where relevant, at Force performance meetings. They are also detailed on the risk register.
- 3.33 As noted in the 2017/18 Annual Governance Statement, Norfolk and Suffolk Constabularies have implemented a single IT system which joins up four key areas of the business; Intelligence, Investigation, Case and Custody as part of a nine force consortium. The Norfolk/Suffolk Athena development plan is nearer completion with the final stage (six) underway focussed on the review and restructure of the organisation to make the most efficient use of the application and then moving to implementation. This will conclude the transition of Norfolk and Suffolk to a business as usual model. Both forces then intend to explore collaborative opportunities with other ATHENA forces to streamline back office functions.
- 3.34 The accuracy of crime recording has recently been identified as requiring improvement by HMICFRS. Whilst the inspectorate identified outstanding leadership in this area of business, they found that staff did not understand the increasingly complex crime recording rules which leads to an estimated underreporting of 8700 crimes a year. Bespoke action plans are in place to ensure the quality of crime recording is improved with work being overseen by a Crime Data Integrity meeting, Chaired by the Assistant Chief Constable. Action has included the retraining of all supervisors and Athena champions in understanding of Crime Data Integrity (CDI) and the use of precept funding to recruit a quality assurance team. Please see Appendix A for a detailed report on progress on these matters.
- 3.35 The Constabulary is recruiting three extra staff to support the existing team of three who are responsible for maintaining Athena data quality standards. These resources seek to ensure compliance with MOPI and other relevant legislation. This task has been assisted by the development of software which automates much of the cleansing process. Beyond Athena, a data quality group has been established, operating across Norfolk and Suffolk, to oversee effort to improve the creation and management of all data.

- 3.36 Project Athena remains on the Constabulary Strategic Risk Register. There are strong governance mechanisms in place locally and regionally to manage and monitor Athena risks, issues, developments and changes. The Norfolk and Suffolk Athena Strategic Board oversees all issues and risks as well as monitoring general performance, development of the systems and the Athena change work. Relevant updates are presented to the Joint Organisational Board chaired by the Deputy Chief Constable and all strategic risks and issues also reported into the Joint Chief Officer Team meeting. Regionally the governance matrix extends through the Athena Management Organisation (hosted by Essex) to PCCs and Chief Constables through the Strategic Athena Management Boards.
- 3.37 Key areas of focus in relation to Athena have included:
- achieving implementation of the application across all nine forces; thereby moving the focus to a service maintenance and development structure.
  - the delivery of refresher training to all supervisors and Athena champions; this including technical use of the system in conjunction with legislative updates and CDI compliance.
  - the management of system performance
  - the agreed plan to move all nine forces onto an automated update between Athena and Police National Computer (manual workarounds have been implemented whilst system developments are being designed and rolled out to permanently resolve the issues);
  - improving data quality (regular monthly audits are undertaken to identify any issues and ensure crime data integrity, reporting into Chief Officers); and
  - the replacement of the current management information system (MI) providing a stable ability to access, query and extract management information
  - establishing a road map of changes and improvements to the Athena application;
  - conclusion of the organisational review leading to a restructure implementation plan
  - transition from the Athena project to a business as usual structure.
- 3.38 Even with the additional flexibility available to the PCC for precept increases in 2019/20 and 2020/21; over the medium term, efficiencies will continue to be identified so that operational demand and cost pressures can be met. By the 31 March 2020 some £35m of annually recurring savings will have been found. Over the MTFP period to 2023/24 a further £1.8m has been identified. The financial envelope for 2021/22 will be affected by the Covid-19 pandemic and beyond will be determined by the Spending Review anticipated to be deferred to 2021. The additional 'flexibility' on precept for 2020/21, an increase of £10 per annum at Band D equivalent, will enable investment in improving key services for the communities of Norfolk. Reserves are forecast to reduce from £17.2m at 31 March 2020 to £14.8m, by 31 March 2024.

**Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

- 3.39 The Commissioner has a statutory duty to produce and publish an Annual Report which details performance for the previous year against the objectives and performance measures set in the Annual Policing Plan. Financial performance against the revenue budget, capital programme and levels of reserves is reported regularly through the Police Accountability Forum. The Annual Report and financial performance papers are published on the OPCC website.
- 3.40 The OPCC has continued to receive an annual award for meeting its statutory requirements on openness and transparency. The OPCC Transparency Quality Mark is issued by CoPaCC.

3.41 The Audit Committee has overseen the full programme of internal and external audit activity. See paras 4.21 to 4.23.

#### **4. Review of Effectiveness**

4.1 The PCC and Chief Constable have responsibility for conducting an annual review of the effectiveness of the governance framework, including the system of internal control.

4.2 This review of effectiveness is informed by

- the work of executive managers within the Constabulary and the OPCC who have the responsibility for the development and maintenance of the governance environment,
- the head of internal audit's annual report and
- comments made by the external auditor and other review agencies and inspectorates.

4.3 A full report will be presented to the Audit Committee ahead of the sign off of the accounts. The groups and processes that have been involved in maintaining and reviewing the effectiveness of internal control include the following:

##### **Corporate Governance Working Group**

4.4 This Group has been established to review the corporate governance framework and systems of internal control and to oversee the preparation of this Annual Governance Statement. The group comprises the Chief Executive of the PCC, the Director (Performance and Scrutiny) OPCC, the PCC's CFO, the Chief Constable's Assistant Chief Officer, the Head of Strategic Business and Operational Services and one co-opted member of the Audit Committee. These officers are involved in the oversight of the governance framework and its processes and are in a position to review its effectiveness.

##### **Internal Audit**

4.5 Internal audit (delivered under contract by TIAA from 1 April 2015) provides independent and objective assurances across the whole range of the PCC's and Constabulary's activities and regularly presents findings to the Audit Committee of the PCC and Chief Constable. TIAA has taken a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. The audit programme for the year was prepared and agreed with the PCC and Chief Constable following a risk based assessment. The managed audit approach has been developed successfully over past years, in agreement with external audit to bring further efficiency to audits. At each meeting of the Audit Committee the Head of Internal Audit also presents a 'Follow-Up' Report which sets out the numbers of implemented recommendations and those which remain outstanding. The contract with TIAA has been extended for a further 12 months to ensure stability until a new 7 Force procurement tender exercise can be undertaken.

4.6 The external auditor (Ernst and Young LLP), re-appointed by Public Sector Auditor Appointments in 2017) is able to place reliance on the work of internal audit.

4.7 Internal audit is required to give an overall opinion on the adequacy and effectiveness of the framework of the internal control and risk management environment.

4.8 The overall opinion for 2019/20 from the Head of Internal Audit was:

“TIAA is satisfied that, for the areas reviewed during the year, the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies have reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid -19 pandemic has not impacted on our overall assessment. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by, the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies from its various sources of assurance.”

4.9 The Head of Internal Audit’s Annual Report also includes the following statement:

Control weaknesses: There were three areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’ assurance. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

4.10 More information on the ‘Limited Assurance’ audits is set out in paragraphs 5.2 and 5.3.

#### **External Audit and Other External Review Bodies**

4.11 External Audit provides a further source of assurance by reviewing the annual accounts and value for money assessment and reporting upon internal control processes and any other matters relevant to their statutory functions and codes of practice. An unqualified audit report was issued on the 2018/19 Statement of Accounts in July 2019 together with an unqualified value for money conclusion. The External Auditor’s Annual Audit Letter was issued in August 2019 and it did not identify any matters to be addressed.

4.12 The Constabulary is subject to almost continuous review by Her Majesty’s Inspector of Constabulary and Fire & Rescue Services (HMICFRS) (although these have been currently suspended as a result of Covid-19 from the date lockdown commenced), and there have been a number of thematic inspections carried out over the period. Reports relating to Norfolk can be found on the HMICFRS website: -

<https://www.justiceinspectorates.gov.uk/hmicfrs/?force=norfolk&type=publications>

4.13 As part of the yearly inspection programme the HMICFRS also undertook a PEEL inspection, the inspection framework has now evolved from previous years into an Integrated PEEL Assessment (IPA) which comprises of three elements:

1. PEEL inspections
2. Force Management Statements (FMS)
3. Force Monitoring

4.14 With regard to PEEL inspections these are now amalgamated into one inspection and one report rather than twice per year. The latest PEEL inspection was published in May 2019 and the overarching question sets are set out below:

- Effectiveness – How effectively does the force reduce crime and keep people safe?
  - Efficiency – How efficiently does the force operate and how sustainable are its services to the public?
  - Legitimacy – How legitimately does the force treat the public and its workforce?
- 4.15 The force achieved ‘Good’ for Effectiveness, ‘Outstanding’ for Efficiency and ‘Good’ for Legitimacy. The force was congratulated on how it keeps people safe and reduces crime. HMICFRS also commended Norfolk Constabulary for the progress it has made over the period and was confident it was well-equipped for its strong performance to continue.
- 4.16 Force Management Statements are a self-assessment that Chief Constables prepare and give to HMICFRS each year. It is a statement and explanation of:
- The demand the force expects to face in the next four years
  - How the force will change and improve its workforce and other assets to cope with that demand
  - How the force will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; and
  - The money the force expects to have to do all this
- 4.17 HMICFRS are currently planning a pilot for a revised inspection framework and it is not anticipated that the force will be assessed using the current criteria. The force awaits further details on the revised approach to inspection.
- 4.18 Regarding data protection, data breaches continue to be reported to the relevant areas. Each one is investigated and appropriate action is taken to contain and manage the risk. The Deputy Chief Constables (Senior Information Risk Officers (SIRO)) are involved in the high-risk data breaches that are considered for referral to the Information Commissioners Office. Norfolk and Suffolk Constabularies made 5 referrals in 2019 (compared to 6 in 2018). None of these have resulted in formal action from the ICO, however procedure changes were implemented in light of 3 of these instances and the other two required us to ensure we were delivering extra data protection training to those involved in the breaches.
- 4.19 An internal audit has been scheduled in March 2020 for the OPCCN in the areas of Information Management and Information Security, the findings of this audit are expected to be available later in the new financial year as the audit has now been postponed due to the Covid 19 pandemic.

#### **Police and Crime Panel**

- 4.20 The Police and Crime Panel provides checks and balances in relation to the performance of the PCC and scrutinises the PCC’s exercise of his statutory functions. The Panel is independent of the PCC and consists of 3 county councillors, 7 district councillors and 2 independent co-opted members.



## **Audit Committee**

- 4.21 The members of the Audit Committee are entirely independent people recruited for their scrutiny skills. They have no conflicts of interest and provide objective advice on audit and wider governance issues. The Committee provides advice, to the PCC and Chief Constable, on audit and governance issues and champions both audit and the embedding of risk management. Specifically, it receives and scrutinises the review of the system of internal control, and agrees and monitors any action plans resulting from those reviews. The Committee regularly reviews its own performance and prepares an annual report for submission to the PCC and Chief Constable.
- 4.22 In addition to this the Committee also examines and considers the draft Annual Governance Statement, and reviews the draft accounts of the PCC and Chief Constable to make recommendations in this respect. Also, it reviews the annual draft Treasury Management Strategy, monitors its application during the year and makes recommendations as appropriate.
- 4.23 Committee members have continued to receive briefings and training through the year.

## **5. Significant Governance Issues**

- 5.1 In 2018/19 there were two areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited assurance' (1. Allowances; 2. Duty Management System). The vast majority of the recommendations have been implemented, or there are mitigations in place, or some are subject to system and process changes in a longer time-frame (e.g. for DMS).
- 5.2 In 2019/20, three audits (of the 23 providing an overall assurance opinion) have received 'Limited Assurance':
- Dog handling
  - Data protection
  - Allowances and expenses

In 2020/21 at the time of this report 3 reasonable assurances were received for 3 audits.

- 5.3 All recommendations in Internal Audit Reports are subject to follow up with a detailed report being presented to each meeting of the Audit Committee and to the Joint Constabularies Organisational Board (Delivery) that is chaired by the Deputy Chief Constable.

## **Impact of Covid 19**

- 5.4 Covid-19 has had a major impact on everyone's lives within the United Kingdom, as well as on every sector of the economy. In the build up to lockdown on 23 March, significant changes were made to the policing model in Norfolk. These arrangements were brought to an end at the end of July, and policing has reverted to a business as usual model (subject to policing operating with appropriate personal protective equipment (PPE) and social distancing). Clearly, the impact for policing was in the financial year 2020/21 rather than in the reporting period covered by the Statement of Accounts, but it remains appropriate to outline the impact up to the date of the conclusion of the audit and the publishing of the final draft.

- 5.5 The governance model for the initial response to Covid was maintained between March and the end of July, allowing the Chief Constable and his Chief Officers to continue to run the force and hold officers and staff to account through different meeting structures. This was done in conjunction with Suffolk Constabulary to allow appropriate governance arrangements to be delivered as close to normal as possible across the collaborated functions as well as in Norfolk only functions. In short, the Joint Chief Officer Team (JCOT), Joint Organisational Board, Joint Strategic Planning and Monitoring meetings all took place as planned. In addition, Norfolk Command Team met regularly with all meetings mentioned being held virtually via video enabled Skype for Business / Microsoft Teams. Since the end of July there has been a mixed approach with some attendance in physical meeting rooms, with other attendees working from home and attending virtually. This is likely to be a model that continues for an extended period of time to maintain social distancing and also as new ways of working are reviewed.
- 5.6 On top of this, the Constabulary established a specific command model to focus specifically on our response to the Covid 19 disease. This command structure was also set up in collaboration with Suffolk Constabulary and enabled a consistent approach to our activity both in each force and across the extensive collaborated services. This command structure operated a Gold-Silver-Bronze model with Gold Command operating across both forces, and a Silver Command nominated in each force. A Strategic Gold plan was written which was implemented by the Silvers at a tactical level. Each Silver designed a set of Silver principles that formed a plan which then governed the tactical response in each county.
- 5.7 The OPCCN established a strategic model to focus specifically on the response to the disease and ensured that the PCC could continue to maintain effective governance to fulfil the statutory role and support the wider sector through commissioning of services.

The strategy has been revised since March 2020 and confirms how the core functions of the Office of the Police and Crime Commissioner (OPCC) are able to be maintained and, in some cases, developed, to continue to perform effectively in a variety of situations. This has now been adopted as the new workstyle and will be under regular review to help support staff and deliver efficiently and effectively. The senior management team are in regular contact and the Chief Executive and other members of staff have appointments with the PCC by video enabled Skype/MS Teams on a consistent basis. Virtual governance practices have been put in place so that the PCC is still able to hold the Chief Constable to account as normal. The Police and Crime Panel also is able to meet virtually so still able to hold the PCC to account.

During this year and throughout the Coronavirus pandemic, the OPCCN has worked with statutory and non-statutory (third sector/charity) organisations to address the additional needs required for victims of crime and those organisations who are supporting them. It became very clear during this period that the delivery of services, including specialist services have had to be changed to incorporate a whole new operating model. To this end the OPCCN has proactively, sought, bid for and were successful with a variety of national funds to bring financial support to the county.

This process is still ongoing with further funds being sought and applied for. In addition to victim funding, funding from the National Probation Service was secured to enhance our project to support prison leavers.

<b>Fund</b>	<b>District</b>	<b>Value</b>	<b>Service/Status</b>
Safer Streets Fund	Norwich City	£363,000	Secured - To target harden the most vulnerable wards against acquisitive crime
Extraordinary Fund	All	£250,000	Secured - To support those services delivery to victims of domestic abuse and sexual violence
Sexual Violence Fund	All	£178,000	Secured - To support those with protected characteristics who have victim to serious sexual offences/rape
National Probation Service	Great Norwich	£35,000	Secured - To support prison leavers who continually revolve around the Criminal Justice System
<b>TOTAL SECURED</b>		<b>£826,000</b>	
Perpetrator Fund	All	£200,000	Submission in process
Child Sexual Abuse Transformation Fund	All	£136,500	Awaiting decision
<b>TOTAL PENDING</b>		<b>£336,500</b>	

### **Incident of Fraud**

- 5.8 There was one incident of fraud in respect of monies (less than £3k) seized during the course of an investigation. The monies were due to be returned, but the wrong bank details were provided by another party, and therefore the intended party did not receive the funds. The incident has been crimed and is under investigation.

### **Emergency Governance**

- 5.9 Treasury returns are negligible at the moment due to the impact on the economy because of the pandemic so any yield benefit of a varied portfolio would be marginal. However, the danger is that there is occasionally too much money in one organisation. The main reasons for increasing the counterparty limit in the short term is if there is a lack of available borrowers in the market, as there was at the year end and during the recent lockdown, and also if cash balances are unexpectedly high, i.e. short-term planning differences.

The occurrences of breaching a counterparty limit over the last 12 months for Norfolk are as follows;

First day of breach	18.05.2020
Counterparty	Barclays Bank
Maximum breached balance	£12.14m
Period of breach	2 days

First day of breach	20.07.2020
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Counterparty	Barclays Bank
Maximum breached balance	£12.63m
Period of breach	2 days

The control in place over this period ensured that the relevant authorisations were sought and in place before the breach occurred. Audit committee were also informed.

**6. Conclusion and Assurance Summary**

- 6.1 This report has highlighted the issues which have been identified during the year and which are being addressed.
- 6.2 The Corporate Governance Working Group has concluded that the governance arrangements are fit for purpose in accordance with the governance framework.
- 6.3 Finally, we are satisfied that this report is an accurate commentary on the governance arrangements in place in the Constabulary and the OPCC and of their effectiveness during this period. However, this report may be adjusted to take account of the further impact of Covid -19.

**Signed**

Lorne Green  
Police and Crime Commissioner for Norfolk

Simon Bailey QPM  
Chief Constable of Norfolk

Mark Stokes  
Chief Executive  
Office of the Police and Crime Commissioner

Jill Penn CPFA  
Chief Finance Officer  
Office of the Police and Crime Commissioner

Peter Jasper  
Assistant Chief Officer  
Constabulary Chief Finance Officer

Date: xx/xx/2020

Signed on behalf of the senior staff of the Police and Crime Commissioner for Norfolk and on behalf of the Chief Officers of Norfolk Constabulary.

**Police & Crime  
Commissioner for Norfolk /  
Chief Constable for Norfolk  
Police**

Year ended 31 March 2020

**Audit Results Report**

7 October 2020



**Police Crime Commissioner for Norfolk and the Chief Constable of Norfolk**

**Jubilee House  
Falconers Close  
Wymondham  
Norfolk NR18 0WW**

7 October 2020

Dear Lorne and Simon,

We are pleased to attach our Audit Results Report for the forthcoming meeting of the Joint Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of the Police and Crime Commissioner for Norfolk (PCC) and Chief Constable for Norfolk Police (CC) for 2019/20.

We have substantially completed our audit of the respective sets of financial statements for the year ended 31<sup>st</sup> March 2020.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the respective financial statements in the form at Section 3, before the statutory deadline of the 30 November 2020. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use by yourselves as the PCC and the CC, the Joint Audit Committee and the senior management your respective offices. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Joint Audit Committee meeting on 20 October 2020.

Yours sincerely

*Mark Hodgson*

Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

United Kingdom



# Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywell Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.





# 01 Executive Summary

# Executive Summary

## Scope update

In our Audit Plan dated 10 March 2020, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

### Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, were issued and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

### Changes to our risk assessment as a result of Covid-19

As a result of COVID-19, we reviewed our Audit Plan, and issued an Addendum, which provided an overview of the additional areas that we would need to be cognisant of during our audit, in light of financial reporting requirements that Covid-19 may present. In our dialogue with you we specifically discussed the following key areas:

- ▶ **LGPS Pension Liability Valuation** - The pension liability in the balance sheet is an estimate based on IAS19 reports provided by the Norfolk Pension Scheme's actuary. For the year-ended 31st March 2020 there are four key trigger events which could impact on this closing valuation:
  - Covid-19: Norfolk Pension Fund has £700 million of Level 3 assets as at 31<sup>st</sup> March 19. Although Norfolk Police only represents 5.6% of the fund this is still material at £3.9 million. Due to the timing of the pandemic the IAS 19 fair value of assets will be based on an estimate. Considering the size and nature of these assets it is likely that actual values will be different to the estimate and even small changes can have a material impact on Norfolk Police's accounts.
  - Brexit: Similar to Covid-19 there are indications that Brexit has impacted the UK economy particularly with regards to asset values where the UK has become less favourable as a result. The UK left the EU on the 31st January 2020 with the transition period lasting until December 2020. Such a significant event will have impacted on asset values which will have been difficult to estimate.
  - Triennial Valuation: 2019/20 is a triennial valuation year for the LGPS. Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of the LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund.
  - McCloud: we saw a material amendment to the 2018/19 IAS19 figures as a result of the McCloud case. Whilst this was a PBSE - it does demonstrate that there is some likelihood of material error/amendment within the estimate as the consultation as to the remedy continues into 2019/20. The Consultation was published in July 2020 and we consider the impact of this later in this report.

## Scope update

### Changes to the scope of our audit as a result of Covid-19

- ▶ **Valuation of Property Plant and Equipment** - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a “material uncertainty”. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Authority’s external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of property, plant and equipment.
- ▶ **Disclosures on Going Concern** - Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Local Authority would not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Local Authority’s actual year end financial position and performance.
- ▶ **Events after the balance sheet date** - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Local Authority.
- ▶ **Adoption of IFRS16** - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.

### Changes in materiality:

- ▶ We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure we have updated our overall materiality assessment and our materiality levels remain consistent with those reported in our Audit Plan. We have updated our overall materiality assessment to:
  - ▶ Group - £5.7 million (Audit Plan - £6.5 million);
  - ▶ PCC - £2.4 million (Audit Plan - £2.2 million);
  - ▶ CC - £5.3 million (Audit Plan - £6.1 million); and
  - ▶ PPF - £0.9 million (Audit Plan - £0.9 million).

## Executive Summary

### Scope update

In our Audit Plan, we communicated that our audit procedures would be performed using a performance materiality across the PCC Group which represents 75% of materiality. We have considered whether any change to our materiality is required in light of Covid-19. Following this consideration we remain satisfied that the values for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Plan remain appropriate.

We have updated our overall performance materiality, at 75% of our overall materiality level, to:

- ▶ Group - £4.2 million (Audit Plan - £4.9 million);
- ▶ PCC - £1.8 million (Audit Plan - £1.6 million);
- ▶ CC - £4.0 million (Audit Plan - £4.6 million); and
- ▶ PPF - £0.7 million (Audit Plan - £0.6 million)

We have updated our threshold for reporting misstatements, set at 5% of our overall Planning Materiality to:

- ▶ Group - £0.286 million (Audit Plan - £0.329 million);
- ▶ PCC - £0.122 million (Audit Plan = £0.110 million);
- ▶ CC - £0.268 million (Audit Plan = £0.308 million); and
- ▶ PPF - £0.048 million (Audit Plan = £0.046 million).

**Information Produced by the Entity (IPE):** We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

**Additional EY consultation requirements concerning the impact on auditor reports.** The uncertainty created by Covid-19 increases the importance of giving the right assurance to Norfolk Police and its stakeholders. In light of issues with going concern and material uncertainty in respect of PPE valuations, we have sought additional consultation on the content of the wording of the auditor's report. This consultation process has involved significant senior level input from the audit team and EY's risk management team.

The changes to audit risks and audit approach have increased the level of work we have been required to undertake. We are currently quantifying the impact on the audit fee and will present our final fee to the respective Section 151 officers on completion of the audit and report this to you at the appropriate time.

# Executive Summary

## Status of the audit

Our audit work in respect of Norfolk Police's audit opinion is substantially complete.

The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- ▶ Receipt of IAS 19 assurance from Norfolk Pension Fund auditor;

Closing Procedures:

- ▶ Subsequent events review;
- ▶ Agreement of the final set of accounts;
- ▶ Receipt of signed management representation letter; and
- ▶ Final Manager and Engagement Partner reviews

We expect to issue an unqualified audit opinion, the form of which is set out in Section 3.

We also expect to issue our Audit Certificate at the same time as the Audit Opinion, if the NAO has issued the requisite guidance in respect of the Whole of Government Accounts (WGA) submission. In previous years, Norfolk Police have been below the threshold that requires additional assurance procedures to be performed.

# Executive Summary

## Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Norfolk Police's financial statements. This report sets out our observations and conclusions. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

Risk	Findings & Conclusions
Management Override: Misstatements due to fraud or error	We have completed our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management overriding controls. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.
Inappropriate capitalisation of revenue expenditure	We have completed our audit work on capital additions and have not identified any inappropriate capitalisation of revenue expenditure.
Valuation of Property, Plant & Equipment	We have completed our review of PPE valuations, including a review of assets not revalued. We have not identified any material misstatements. As a result of RICS "material uncertainty" clauses included within the valuation reports we have requested that the estimation uncertainty disclosure (Note 4) is enhanced in this area.
Pensions Liability Valuation and actuarial assumptions	We have reviewed the accounting entries and disclosures in the draft financial statements and assessed the work of the actuary. On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud case. We are currently concluding on whether this has a material impact to the financial statements.  We are also waiting for the assurance letter from the auditor of Norfolk Pension Fund to enable us to conclude our work in this area.
Private Finance Initiative (PFI)	We have completed our review of the PFI model and underlying calculations and have ensured that disclosures are consistent with the model. We did not identify any misstatements.
Going Concern Compliance with ISA570	We have completed our work and requested an additional going concern disclosure note be included within the respective financial statements. We did not identify any events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Joint Audit Committee.

# Executive Summary

## Audit differences

There are currently no unadjusted differences arising from our audit.

There are two adjusted audit differences identified relating to Cash Flow Statement and the Authority's share of the Council Tax Debtors and Creditors. We have also identified a limited number of disclosure adjustments, none of which we deem so significant as to merit bringing to your attention. For further details see Section 4. Until we have concluded on the outstanding work it is possible that further adjustments will also need to be reported. We will update the Committee verbally accordingly.

## Control observations

During the audit, we did not identify any significant deficiencies in internal controls.

## Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we identified the following significant risk:

### Robustness of Medium Term Financial Planning

Norfolk Police has a Medium Term Financial Plan (MTFP) in place for the next three year period. There is a good track record of delivering savings and the Force has used the HMICFRS Value for Money Profiles and worked collaboratively with Suffolk Police for a number of years to generate efficiencies and savings. However, current identified savings are insufficient to meet the budget gap over the next three years. There are also ambitious plans for 2019/20 onwards in relation to working within the Seven Forces Collaboration project and significant savings have been built into the MTFP. It will be important that this arrangement is robustly monitored to ensure the estimated savings actually materialise to the planned timeframe or the MTFP be updated to reflect any differences in quantum or timing.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of Norfolk Police. We have no matters to report as a result of this work.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your WGA return. The extent of our review, and the nature of our report, is specified by the NAO. We have yet to perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, but we do not expect the threshold for additional procedures to be reached.





02

## Areas of Audit Focus





## Areas of Audit Focus

### Significant risk

#### Misstatements due to fraud or error (Group, PCC, CC)

##### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

##### What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures:

- ▶ We considered fraud risk during audit planning;
- ▶ We inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ We obtained an understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ We considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ We performed mandatory procedures regardless of specifically identified fraud risks, including;
  - ▶ testing of journal entries and other adjustments in the preparation of the financial statements;
  - ▶ reviewing accounting estimates for evidence of management bias; and
  - ▶ evaluating the business rationale for significant unusual transactions.
- ▶ We utilised our data analytics capabilities to assist with our work, including journal entry testing; and
- ▶ We assessed journal entries for evidence of management bias and evaluate for business rationale.

##### What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside of the normal course of business



## Areas of Audit Focus

### Significant risk

**Risk of fraud in revenue and expenditure recognition – specifically in inappropriate capitalisation of revenue expenditure (Group, PCC)**

#### What is the risk?

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position.

A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. Norfolk Police has a significant fixed asset base and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.

#### What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure.

Confirming additions to property, plant and equipment have been correctly classified as capital.

#### What did we do?

We have performed the following procedures:

- ▶ Sample tested additions to property, plant and equipment, to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.
- ▶ Identified the controls that Norfolk police has in place to prevent incorrect capitalisation of revenue expenditure.
- ▶ Considered the effectiveness of management’s controls designed to address the risk.
- ▶ Tested year end journals which move expenditure from revenue to capital.

#### What are our conclusions?

Our testing has not identified any material misstatements from inappropriate capitalisation of revenue expenditure.

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.



## Areas of Audit Focus

### Significant risk

#### Property, Plant and Equipment valuation (Group, PCC)

##### What is the risk?

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the PCC's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet for land and buildings in particular.

The PCC engaged an external expert valuer who applied a number of complex assumptions to these assets and assessed whether there was any indication of impairment.

In 2019/20, there was a change of valuer from Carter Jonas to NPS.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

##### What did we do?

As set out in our Audit Plan we confirm that we have performed the following procedures to address this risk:

- ▶ We considered the work performed by the PCC's new valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ We considered changes in assumptions and valuation methodology used by the valuer;
- ▶ We sample tested key asset information used by the valuer in performing their valuation;
- ▶ We considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ We reviewed assets not subject to valuation in 2019/20 and confirmed that the remaining asset base is not materially misstated;
- ▶ We considered the changes to useful economic lives as a result of the most recent valuation; and
- ▶ We tested accounting entries have been correctly processed in the financial statements.

##### What are our conclusions?

The PCC's expert valuer possesses the relevant qualifications and experience, and undertook a review of a selection of assets as instructed. We considered the underlying assumptions made by the expert valuer and concluded that they were reasonable.

Our testing has not identified any material misstatements from inappropriate judgements being applied to the property valuation estimates.

## Areas of Audit Focus

### Other areas of audit focus (continued)

#### What is the risk/area of focus?

##### **Police Pension Liability Valuation (Group, PCC, CC)**

The Group and CC police pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. At 31 March 2020 this totalled £1,782 million.

The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to the Police Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

##### **Private Finance Initiative (Group, PCC)**

The PCC and CC discloses two PFI contracts within their financial statements for:

- ▶ The use of Jubilee House, Operations and Communications Centre (OCC) at Wymondham from 2001 until 2037. At the 31 March 2020 the PFI Liability associated with the OCC amounted to £24.5 million; and
- ▶ The use of six Police Investigation Centres shared with the Police and Crime Commissioner for Suffolk from 2011 until 2041. The arrangements also includes payments by the Police and Crime Commissioner for Cambridgeshire. At 31 March 2020, the PCC for Norfolk's share of the PFI liability was £33.3 million.

The liability and payments for services are dependent upon assumptions within the accounting models underpinning both PFI schemes. As such Management is required to apply estimation techniques to support the disclosures within the financial statements.

#### What did we do?

We completed the following procedures:

- ▶ We assessed the work of the Police Pension Fund actuary including the assumptions they have used by relying on the work of PwC, being the Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY Pensions actuarial team;
- ▶ We reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

We have yet to complete our work on LGPS pension liability. At the date of this report we are waiting for the assurance letter from the auditor of Norfolk Pension Fund to enable us to conclude our work in this area.

We are currently concluding our work on the assumptions used by the LGPS Fund actuary Hymans Robertson after the work of our consulting actuary (PwC) suggested some additional considerations were required over the assumptions used by the actuary in respect of McCloud.

We completed the following procedures:

- ▶ We agreed that no significant changes had been made to the PFI contracts or PFI models from prior year;
- ▶ We agreed the historic inputs in the accounting models had not changed from prior year; and
- ▶ We agreed the disclosures in the financial statements are consistent with the accounting models.

We concluded that the PFI has accounted for appropriately within the accounts.

## Areas of Audit Focus

### Other areas of audit focus (continued)

#### What is the risk/area of focus?

##### Going Concern Disclosures

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

#### What did we do?

We have performed the following procedures:

- ▶ We obtained and reviewed managements going concern assessment;
- ▶ We challenged management's assessment of going concern;
- ▶ We reviewed supporting evidence such as cash flow forecasts, management assumptions and forecasts and post year-end valuation statements for evidence to support managements going concern assessment; and
- ▶ We ensured sufficient disclosure within the financial statements.

We have substantially completed our work. As a result we have requested that an additional Going Concern disclosure note be included within the respective sets of financial statements.

This has been prepared and reviewed and is consistent with Management's Going Concern assessment. We have not identified a material uncertainty in relation to Going Concern.



# 03 Audit Report



# Audit Report

## Draft audit report – Police & Crime Commissioner for Norfolk & Group

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

##### Opinion

We have audited the financial statements of the Police and Crime Commissioner for Norfolk for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Police and Crime Commissioner for Norfolk and Group Movement in Reserves Statement;
- ▶ Police and Crime Commissioner for Norfolk and Group Comprehensive Income and Expenditure Statement;
- ▶ Police and Crime Commissioner for Norfolk and Group Balance Sheet;
- ▶ Police and Crime Commissioner for Norfolk and Group Cash Flow Statement;
- ▶ Police and Crime Commissioner for Norfolk Police Pension Fund Accounting Statements; and
- ▶ related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Police and Crime Commissioner for Norfolk and Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Norfolk and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





# Audit Report

## Draft audit report – Police & Crime Commissioner for Norfolk & Group

### Our opinion on the financial statements

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the "Group and PCC Statement of Accounts 31 March 2020", other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



# Audit Report

## Draft audit report – Police & Crime Commissioner for Norfolk & Group

### Our opinion on the financial statements

#### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

##### Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

##### Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

##### Responsibility of the Chief Finance Officer

As explained more fully in the “Statement of Responsibilities for the Statement of Accounts” set out on page 1, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report

## Draft audit report – Police & Crime Commissioner for Norfolk & Group

### Our opinion on the financial statements

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Police and Crime Commissioner had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



# Audit Report

## Draft audit report – Police & Crime Commissioner for Norfolk & Group

### Our opinion on the financial statements

#### **Certificate**

We certify that we have completed the audit of the accounts of the Police and Crime Commissioner for Norfolk in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

or

#### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Police and Crime Commissioner's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

#### **Use of our report**

This report is made solely to Police and Crime Commissioner for Norfolk, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Norfolk, for our audit work, for this report, or for the opinions we have formed.



# Audit Report

## Draft audit report – Chief Constable of Norfolk Police

### Our opinion on the financial statements

#### INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF NORFOLK

##### Opinion

We have audited the financial statements of the Chief Constable of Norfolk for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Chief Constable of Norfolk Movement in Reserves Statement;
- ▶ Chief Constable of Norfolk Comprehensive Income and Expenditure Statement;
- ▶ Chief Constable of Norfolk Balance Sheet;
- ▶ Chief Constable of Norfolk Cash Flow Statement and the related notes 1 to 16; and
- ▶ Chief Constable of Norfolk Police Pension Fund Accounting Statements.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Chief Constable of Norfolk as at 31 March 2020 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Chief Constable for [insert location] in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# Audit Report

## Draft audit report – Chief Constable for Norfolk Police

### Our opinion on the financial statements

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the "Statement of Accounts 31 March 2020", other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

#### Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Chief Constable for Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.



# Audit Report

## Draft audit report – Chief Constable for Norfolk Police

### Our opinion on the financial statements

#### Matters on which we report by exception

We report if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

#### Responsibilities of the Chief Finance Officer

As explained more fully in the “Statement of Responsibilities for the Statement of Accounts for the Chief Constable” set out on page 1, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or have no realistic alternative but to do so.

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report

## Draft audit report – Chief Constable for Norfolk Police

### Our opinion on the financial statements

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Norfolk has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



# Audit Report

## Draft audit report – Chief Constable for Norfolk Police

### Our opinion on the financial statements

#### **Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable of Norfolk in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

or

#### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Chief Constable's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

#### **Use of our report**

This report is made solely to the Chief Constable of Norfolk, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Norfolk, for our audit work, for this report, or for the opinions we have formed.





# 04 Audit Differences



## Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

### Summary of Adjusted Differences

We have included all known amounts greater than £0.122 million (Group/PCC/CC) in our summary of misstatements.

Our audit identified two significant numeric audit differences, which we need to bring to your attention:

1. A difference in relation to Cash Flow Statement where both the purchase of short-term and long-term investments and the proceeds from short-term and long-term investment were understated by £28.0 million. The error was due to the incorrect netting off for both the cash receipts and cash payments arising from investing activities. The respective gross positions were not reported correctly within the draft financial statements.

The difference has been corrected by management within the Cash Flow statements, including the comparative figures within the respective Note.

2. The Authority is a precepting body and is reliant upon the billing authorities to provide it with the relevant information in relation to the Authority's share in Council Tax Debtors and Creditors for the inclusions within its financial statements. Updated information became available during our audit, which led to a decrease of the Authority's share of Council Tax Debtors by £0.169 million and an increase of the Authority's share of Council Tax Creditors by £0.302 million. The adjustments are a result of timing difference between an estimate made by the Authority and information that has become available since the time of the draft financial statements. The Authority correctly used the information available at the time within its draft financial statements.

Our audit identified has only identified a limited number of minor misstatements which our team have highlighted to management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in the Statement of Accounts. We consider that only the following item merits bringing to your attention:

1. The draft financial statements did not include a going concern disclosure. This has subsequently been prepared for inclusion within the revised financial statements, we have reviewed the disclosure and confirm that it appropriately reflects managements going concern assessment.

### Summary of Unadjusted Differences

There are currently no unadjusted differences arising from our audit.



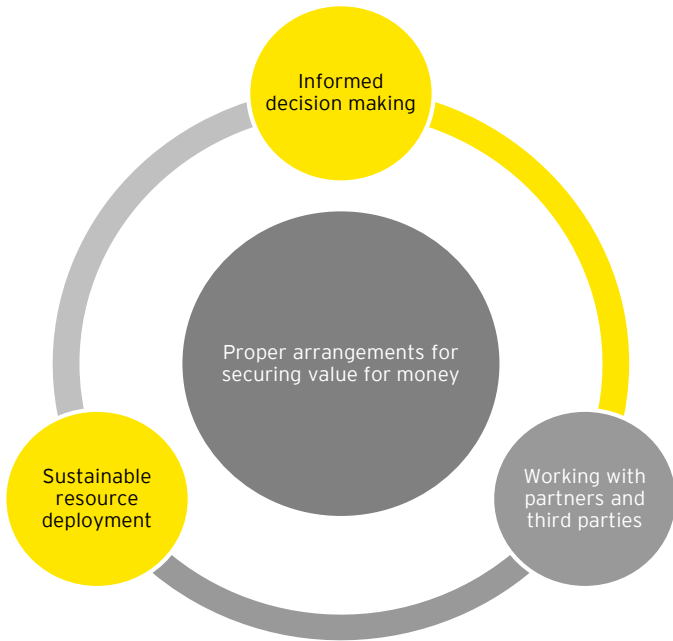


05

## Value for Money



# Value for Money



## Background

We are required to consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

## Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities’ response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor’s attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

We did not identify any significant failures.

## Overall conclusion

We identified one significant risk around these arrangements during our audit planning. The table below presents our findings in response to the risk in our audit plan.

We have no matters to include in our auditor’s report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

*“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Plan.

### What is the significant value for money risk?

The PCC and CC continue to face significant financial challenges over the next three years, with a forecasted underlying budget gap of £8.2 million by 2022/23.

This gap depends upon the delivery of £4.9 million of cumulative savings over the same period together with the planned use of Reserves of £3.2 million.

Given the level of the savings required, the planned use of reserves and a residual budget gap, this presents a risk to the PCC’s and CC’s finances over the medium term.

### What are our findings?

The PCC currently has a level of general fund reserves (£4.5 million at 31 March 2020) which are above the minimum levels range set by the S151 Officer. These provide the PCC with the flexibility to manage its financial position over the short-to-medium term, and reduce the risk that an unexpected overspend, or unexpected one-off item of expenditure, has a detrimental impact on the PCC’s financial standing.

The PCC also has in place substantial levels of earmarked reserves (£14.0 million at 31 March 2020), including the Budget Support Reserve of £1.3 million. The existence of these reserves provides further evidence of the PCC’s prudent approach to financial management.

The PCC achieved the required savings in 2019/20 and to date the PCC has identified a savings of £1.4 million against the budget gap of £4.6 million in 2020/21. Hence a £3.2 million planned use of reserves is required to deliver a balanced budget.

Whilst the PCC has continued financial pressures, our review of the budget setting process, assumptions used in financial planning, in year financial monitoring, and the Authority’s history of delivering savings plans has not identified any significant matters that we wish to report to you.





## 06 Other reporting issues

# Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2019/20 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and confirm it is consistent with other information from our audit of the financial statements.

We have no other matters to report.

### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as at the date of this report we have not yet received the Group Audit instructions from the NAO. We will complete this work in line with the instructions issued by the NAO when it is appropriate to do so, though we do not expect the threshold for additional procedures to be breached (c£500 million)

## Other reporting issues

# Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues and have not had course to use this duty.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits.

We have reported on respect to Going Concern earlier in this report on page 16. We have no other matters to report.





07

# Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of Norfolk Police (PCC & CC) to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether Norfolk Police has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.



08

# Independence



## Independence

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### Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 10 March 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 20 October 2020.

### Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority (PCC and CC), and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

## Fee Analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2020.

We confirm that we have not undertaken non-audit work.

	Proposed Final Fee 2019/20	Scale Fee 2019/20	Final Fee 2018/19
	£'s	£'s	£'s
Total Audit Fee - Code work (see note below)	37,595	37,595	37,595
Changes in work required to address professional and regulatory requirements and scope associated with risk (See Note 1)	28,325		N/A
Revised Proposed Scale Fee	65,920		37,595
Additional specific one-off work required for Covid-19 considerations	To be confirmed	-	N/A
<b>Total Fees</b>	<b>To be confirmed</b>	<b>37,595</b>	<b>37,595</b>

*All fees exclude VAT*

### Notes:

Note 1 - For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of Norfolk Police- £16,155
- Additional work to address increase in Regulatory standards - £11,340
- Client readiness and IT support for Data Analytics - £830

This additional fee has been discussed with management and is subject to review and approval by the PSAA Ltd.

Note 2 - As set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19. As we are concluding our work in relation to these areas, we can quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Audit Letter.

## New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

### Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
  - Tax advocacy services
  - Remuneration advisory services
  - Internal audit services
  - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

### Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

## Other communications

### EY Transparency Report 2020

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

[https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf)

A hand in a maroon sleeve reaches towards a row of hanging folders filled with papers. The folders are in various colors (yellow, blue, white) and are organized on a metal rack. The background is a textured wall.

# 09 Appendices



## Appendix A

# Summary of communications




Date 	Nature 	Summary 
11 February 2020	Meeting	The Audit Partner met with the Joint Audit Committee to verbally discuss the audit relationship and way forward with the 2019/20 audit.
21 April 2020	Virtual Teams Meeting	The Audit Partner and Manager met with CFOs of PCC and CC to discuss the emerging issues.
21 May 2020	Reports and Virtual Teams Meeting	The Audit Partner and Manager met with the Joint Audit Committee and senior members of the management team to present the Audit Plan and Audit Plan Addendum. Our report included confirmation of independence.
June and July 2020	Virtual Teams/Skype Business Meetings	Weekly calls held with management to discuss progress of the audit and emerging issues throughout the audit process, and specifically during the Execution phase throughout in June and July.
17 September 2020	Virtual Teams Meeting	The Manager met with Head of Finance to discuss progress of the audit and emerging issues.

In addition to the above specific meetings and letters the audit team met with, or had calls with the management team multiple times throughout the audit to discuss audit findings.




## Appendix B

# Required communications with the Audit Committee





There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	 <b>When and where</b>
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 10 March 2020 presented to the Joint Audit Committee on 21 May 2020
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - 10 March 2020 presented to the Joint Audit Committee on 21 May 2020
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020

## Appendix C – continued

		Our Reporting to you
Required communications	 What is reported?	  When and where
Major Local Authorities	<p>For the audits of financial statements of major local authorities our written communications to the Audit Committee include:</p> <ul style="list-style-type: none"> <li>▶ A declaration of independence</li> <li>▶ The identity of each key audit partner</li> <li>▶ The use of non-member firms or external specialists and confirmation of their independence</li> <li>▶ The nature and frequency of communications</li> <li>▶ A description of the scope and timing of the audit</li> <li>▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits</li> <li>▶ Materiality</li> <li>▶ Any going concern issues identified</li> <li>▶ Any significant deficiencies in internal control identified and whether they have been resolved by management</li> <li>▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee</li> <li>▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof</li> <li>▶ The valuation methods used and any changes to these including first year audits</li> <li>▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework</li> <li>▶ The completeness of documentation and explanations received</li> <li>▶ Any significant difficulties encountered in the course of the audit</li> <li>▶ Any significant matters discussed with management</li> <li>▶ Any other matters considered significant</li> </ul>	<p>Audit Plan - 10 March 2020 presented to the Joint Audit Committee on 21 May 2020</p> <p>Audit Results Report presented to the Joint Audit Committee on 20 October 2020</p>





## Appendix C – continued

		 Our Reporting to you
 Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or together to raise any doubt about Norfolk Police’s ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the Authority any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020





## Appendix C – continued

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the Authority</li> </ul>	<p>Audit Results Report presented to the Joint Audit Committee on 20 October 2020</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - 10 March 2020 presented to the Joint Audit Committee on 21 May 2020</p> <p>Audit Results Report presented to the Joint Audit Committee on 20 October 2020</p>

## Appendix C – continued

		 Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management’s refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020

## Appendix C – continued

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor’s report</li> </ul>	Audit Results Report presented to the Joint Audit Committee on 20 October 2020
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the Audit Plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	<p>Audit Plan - 10 March 2020 presented to the Audit Committee on 21 May 2020</p> <p>Audit Results Report presented to the Joint Audit Committee on 20 October 2020</p>



# Appendix E - Request for a Management Representation Letter

## Request for a Management Representation Letter



Ernst & Young LLP  
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CB4 0WZ  
Tel: + 44 1223 394400  
Fax: + 44 1223 394401  
ey.com



Jill Penn  
Chief Finance Officer  
Office of the Norfolk Police & Crime Commissioner.

Peter Jasper  
Chief Finance Officer to the Chief Constable,  
Norfolk Police Headquarters.

Dear Jill & Peter,

### Office of the Police & Crime Commissioner for Norfolk / Chief Constable for Norfolk 2019/20 financial year - Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government and Police bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Police and Crime Commissioner and Chief Constable, as those charged with governance respectively.

I would expect the letter of representation to include the following matters.

#### General statement

That the letter of representations is provided in connection with our audit of the financial statements of the Office of the Police & Crime Commissioner for Norfolk (PCC) / Chief Constable (CC) for Norfolk ("the PCC/CC") for the year ended 31 March 2020 and includes the Group reporting consolidation.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the PCC and CC as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 150 Old Broad Street, London EC2N 1DQ, the firm's principal place of business and registered office.

7 October 2020

Ref:

Your ref:

Direct line: 01223 394547

Email: M.Hodgson@uk.ey.com



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You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

#### A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. That you acknowledge as members of management of the PCC/CC, your responsibility for the fair presentation of the PCC/CC's financial statements. That you believe the PCC/CC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the PCC/CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. That you have approved the PCC/CC financial statements.
3. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the PCC/CC, you believe that the PCC/CC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That there are no unadjusted differences identified during the current audit and pertaining to the latest period presented.





# Appendix E – Request for a Management Representation Letter (continued)

## Request for a Management Representation Letter



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### B. Non-compliance with law and regulations, including fraud

1. That you acknowledge that you are responsible to determine that the PCC/CC's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group or PCC/CC (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the PCC/CC's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the PCC/CC's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
  - Additional information that we have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. That you have made available to us all minutes of the meetings of the PCC/CC and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 20 October 2020.



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4. That you confirm the completeness of information provided regarding the identification of related parties. You have disclosed to us the identity of the PCC/CC related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the PCC/CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.
2. That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements (please specify the Note) all guarantees that you have given to third parties.

### E. Subsequent Events

1. That other than the disclosure described in **Note X** (insert Note) to the PCC/CC's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### F. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:



# Appendix E – Request for a Management Representation Letter (continued)

## Request for a Management Representation Letter



5

- That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
- That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

### G. Expenditure Funding Analysis

1. You confirm that the financial statements reflect the operating segments reported internally to the PCC/CC.

### H. Going Concern

1. That the PCC/CC has prepared the financial statements on a going concern basis and that Note X (insert note) to the financial statements discloses all of the matters of which you are aware that are relevant to the PCC/CC's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Home Office, the sufficiency of cash flows to support those financial plans.

### I. Ownership of Assets

1. That except for assets capitalised under finance leases, the PCC/CC has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the PCC/CC's assets, nor has any asset been pledged as collateral. All assets to which the PCC/CC has satisfactory title appear in the balance sheet(s).

### J. Reserves

1. You have properly recorded or disclosed in the PCC/CC financial statements the useable and unusable reserves.

### K. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the values of the PCC/CC's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the PCC/CC's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.



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2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the PCC/CC financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the PCC/CC financial statements due to subsequent events.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.


### L. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and PCC/CC financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. You confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the consolidated and PCC/CC financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and PCC/CC financial statements due to subsequent events.



# Appendix E - Request for a Management Representation Letter (continued)

## Request for a Management Representation Letter

  
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working world

7

M. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the "Statement of Accounts 31 March 2020".
2. You confirm that the content contained within the other information is consistent with the financial statements.

N. Group audits

1. You confirm that the necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst the PCC and its subsidiary undertakings (Chief Constable) and associated undertakings.

O. Specific Representations

We do not require any specific representations in addition to those above.

I would be grateful if you could provide a letter of representation which covers the Group, PCC and CC, which is appropriately signed and dated (by both the respective s151 officer, the PCC and the CC) on the proposed audit opinion date (date to be advised) on formal headed paper.

Yours sincerely

Mark Hodgson  
Associate Partner  
Ernst & Young LLP  
United Kingdom

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ED None

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# Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies

Summary Internal Controls Assurance (SICA) Report –  
Norfolk

2020/21

October 2020



# Summary Internal Controls Assurance

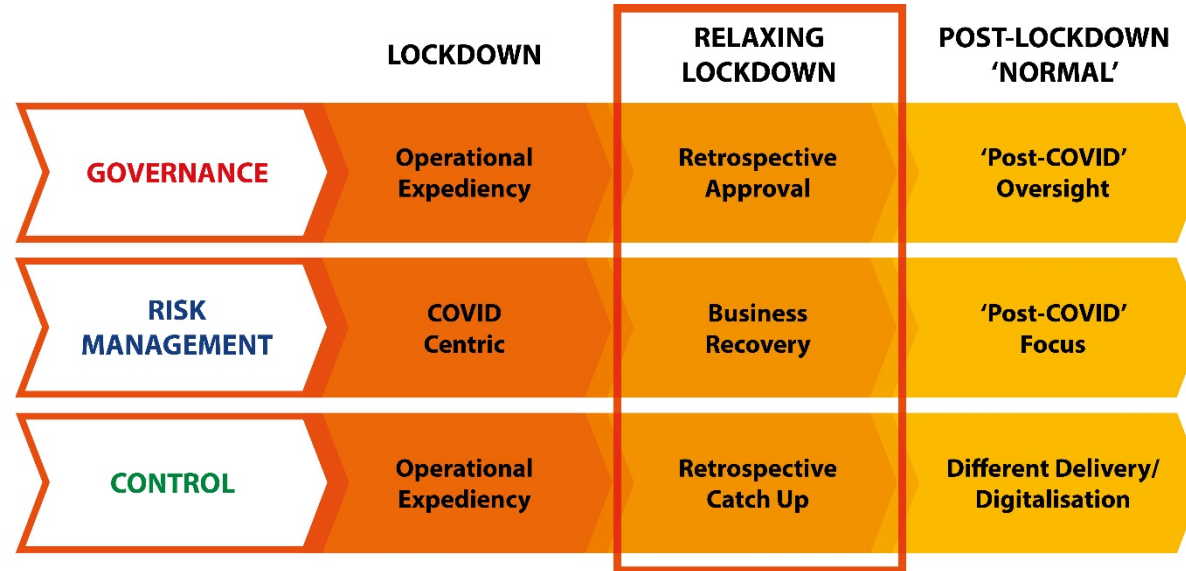
## Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies as of 9<sup>th</sup> October 2020. The period covered by this summary controls assurance report was significantly impacted by the COVID 19 pandemic.

## Emerging Governance, Risk and Internal Control Related Issues

2. COVID 19 is the most significant recent event to impact both strategically and operationally upon modern day Governance, Risk and Internal Control arrangements. There will be a number of phases in relation to the move through the pandemic and each phase has different implications for the Governance, Risk and Internal Control arrangements. Based upon the information garnered from our work at number of clients some of the potential strategic impacts for 2020/21 are summarised below. A key consideration is that there is unlikely to be a precise timeline when the organisation moves from one phase to the next and also there will be a consequential timelag as the organisation adapts and adopts new ways of operating. The box in the table below signifies the assessment of the current stage, which has gradually eased from Lockdown during the period covered by this SICA.

*Impact on COVID 19 on strategic focus during business interruption*



3. There are a range of operational matters arising from the COVID 19 pandemic which impact upon the Governance, Risk and Internal Control arrangements and examples of such have been summarised in Appendix A. During the COVID 19 period it would be prudent for the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies to compare the policies, procedures and internal control processes in effect during the pandemic against the policies, procedures and internal

control processes in effect prior to the onset of the pandemic.. The matters identified should be risk assessed so as to gain awareness about where the undetected vulnerabilities that may exist so that an informed decision can be made around acceptance of such risks.

**Internal Control Framework**

**Audits completed since the last SICA report to the Audit Committee**

4. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Vetting	Reasonable	September	October	October		1	2	
Performance Management	Substantial	October	October	October			1	1
Payroll	Substantial	September	October	October			2	1
Information Governance – Norfolk PCC	Substantial	September	October	October				1

5. The Executive Summaries and the Management Action Plans for each of the finalised reviews are included at Appendix B. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

**Progress in actioning priority 1 recommendations**

6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. The table below summarises the extent to which confirmation has been received that management actions have been taken that the risk exposure identified has been effectively mitigated. A separate follow-up report has been prepared.

**Progress against the 2020/21 Annual Plan**

8. **COVID 19:** In mid-March, when the potential scale and impact of COVID 19 was becoming evident it was agreed with the Police and Crime Commissioner for Norfolk and Suffolk and the Chief Constables of Norfolk and Suffolk Constabularies that the delivery of the internal audit service would be carried out partly remotely thereby minimising the need to physically access the Police and Crime Commissioner for Norfolk and Suffolk and Chief offices/premises and to hold face to face meetings.
9. Our progress against the Annual Plan for 2020/21 is set out in Appendix C.

**Changes to the Annual Plan 2020/21**

10. There have been no changes made to the 2020/21 since the last progress report.

### **Frauds/Irregularities**

11. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued

### **Other Matters**

12. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report
13. We have reviewed recent guidance issued by the Internal Audit Standards Advisory Board (IASAB) in relation to internal auditing during the COVID-19 pandemic. The guidance aims to support heads of internal audit and individual internal auditors in continuing to meet their personal and professional responsibilities for conforming the UK Public Sector Internal Audit Standards (PSIAS). We can confirm continued conformance with the professional standards during this period.

### **Responsibility/Disclaimer**

14. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

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## Covid 19 – Governance, Risk and Control considerations during ‘lockdown’ phase







Area	Possible assurance from internal audit
<p><b>Governance:</b> The speed of the need to respond to COVID 19 has significantly impacted on the strategic governance infrastructure:</p> <ul style="list-style-type: none"> <li>• Urgent decisions taken for urgent operational reasons which would normally have gone through Board review and approval</li> <li>• Extension and rollover of procurement contracts</li> <li>• Disruption to management information received by the Board</li> <li>• Operational necessity for management dispensation to scheme of delegation and financial regulations</li> <li>• Move to remote working for reactive operational expediency reasons, rather than as part of a pre-planned strategy</li> </ul>	<p><b>Strategic Control and Corporate Governance – COVID-19 Resilience:</b> A review of financial governance and decision making following the business interruption caused by Covid-19.</p>
<p><b>Risk Management:</b> The markers which differentiate COVID 19 pandemic from most business resilience/recovery plans are:</p> <ul style="list-style-type: none"> <li>• Speed of major disruption to business as usual did not permit normal level of preparation</li> <li>• International as well UK-wide, not local</li> <li>• Level of government intervention</li> <li>• Duration and severity</li> <li>• Move to medium term remote working arrangements by staff and suppliers</li> <li>• Consequential impact upon all the previous strategic risks</li> </ul>	<p><b>Business as Usual Resumption Arrangements:</b> Targeted post-event risk mitigation assessment to identify any unintentional gaps in the risk management framework</p>
<p><b>Internal Control:</b> COVID 19 has provided the perfect storm both in a positive as well as negative manner. The positive aspects are the expeditious embracing of digital business delivery. It is recognised that a number of government and/or regulatory guidance requirements were issued at short notice and many of these were without the normal consultation and similar. On a negative basis the following need to be recognised:</p> <ul style="list-style-type: none"> <li>• Suppliers and contractors being unable to deliver contracted services</li> <li>• Increased digitalisation introduced at very short notice increases information governance risks</li> <li>• Temporary compromise of effective segregation of duties due to staff absences and/or remote working etc</li> <li>• Fraudsters seeking to take advantage of COVID disruption</li> <li>• Deferment and/or reprioritisation of services</li> <li>• Sudden and significant change in demand patterns for services</li> </ul>	<p><b>COVID-19 Controls Resilience:</b> To review the control environment in relation to policy and process design or temporary re-design, taking into account the heightened risk of fraud and changes to ways of working.</p> <p><b>Accountability for Additional COVID-19 Funding:</b> Revisiting the control framework for when emergency payments shift into longer term services – especially where large sums are invested.</p>

## Executive Summaries and Management Action Plans

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report has been presented to the Audit Committee and therefore is not included in this Appendix.

Review	Evaluation
Vetting	Reasonable
Performance Management	Substantial
Payroll	Substantial
Information Governance – Norfolk PCC	Substantial

## Executive Summary – Vetting Audit

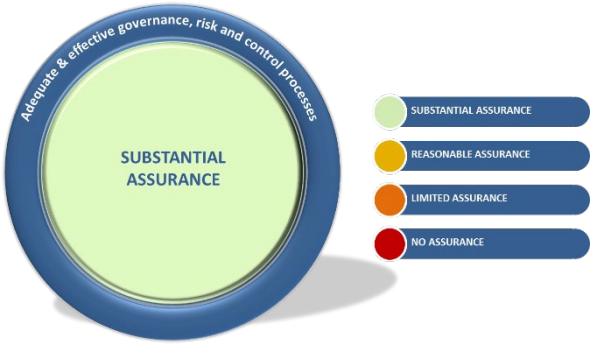




<p><b>OVERALL ASSESSMENT</b></p>	<p><b>KEY STRATEGIC FINDINGS</b></p>											
	<ul style="list-style-type: none"> <li data-bbox="1144 395 2119 475">  <b>Management Vetting (MV) clearances are not being reviewed on an annual basis.</b> </li> <li data-bbox="1144 483 2119 595">  <b>There are around 300 individuals who are no longer employed by the Forces, but whose vetting records cannot be deleted because their leaving date is unknown.</b> </li> <li data-bbox="1144 603 2119 683">  <b>Outcomes of sample checks of vetting assistant's work are not consistently reviewed to identify recurring issues or training needs.</b> </li> </ul>											
<p><b>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</b></p>	<p><b>GOOD PRACTICE IDENTIFIED</b></p>											
<p>Police officers and staff are subject to an appropriate level of vetting prior to commencing employment. The previous backlog of vetting cases outstanding has been reduced.</p>	<ul style="list-style-type: none"> <li data-bbox="1144 866 2119 946">  <b>The Constabularies apply the Vetting Code of Practice and Authorised Professional Practice (APP) published by the College of Policing.</b> </li> <li data-bbox="1144 954 2119 1034">  <b>Regular performance data is produced to monitor the weekly caseload, applications completed, outstanding renewals and rejections and appeals.</b> </li> </ul>											
<p><b>SCOPE</b></p>	<p><b>ACTION POINTS</b></p>											
<p>The review focused on the systems and processes for vetting new and existing staff, officers and contractors.</p>	<table border="1" data-bbox="1144 1198 2119 1334"> <thead> <tr> <th data-bbox="1144 1198 1391 1265">Urgent</th> <th data-bbox="1391 1198 1630 1265">Important</th> <th data-bbox="1630 1198 1872 1265">Routine</th> <th data-bbox="1872 1198 2119 1265">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 1265 1391 1334" style="text-align: center;"><b>0</b></td> <td data-bbox="1391 1265 1630 1334" style="text-align: center;"><b>1</b></td> <td data-bbox="1630 1265 1872 1334" style="text-align: center;"><b>2</b></td> <td data-bbox="1872 1265 2119 1334" style="text-align: center;"><b>0</b></td> </tr> </tbody> </table>				Urgent	Important	Routine	Operational	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>
Urgent	Important	Routine	Operational									
<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>									

## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Vetting APP requires that Management Vetting (MV) clearances be reviewed on an annual basis. This has not been carried out recently due to the backlogs of other work taking priority.	MV clearances be reviewed on an annual basis, in accordance with the requirements of the APP.	2	<i>Agreed, this will be undertaken. Lack of resources and the backlog had prevented this from being undertaken.</i>	31/03/21	Senior Complaints, Appeals and Policy Manager
2	Directed	A monthly sample of each Vetting Assistant's work is reviewed by a manager to ensure accuracy and completeness of their work. The records of these sample checks show that issues identified are referred back to the Vetting Assistant for correction.  However, it was noted that the error rate is consistently high and there may be areas where reminders or further training are required.	Outcomes of monthly sample checks be monitored to identify any persistent issues and potential training needs.	3	<i>Agreed, these checks will be undertaken. If additional training requirements are identified, training will be provided accordingly.</i>	31/03/21	Senior Complaints, Appeals and Policy Manager
3	Directed	There are currently around 300 officers and staff whose vetting clearance has expired, but who have left the Force and hence does not require renewal.  However, the Vetting Unit are not certain of the leaving date of these employees and hence cannot set the destruction date for these records. The policy is for records to be destroyed six years after the employee's leaving date; therefore if any of these	Confirmation of the leaving date of employees who have left the Constabularies be obtained, so that an appropriate destruction date can be set for their records.	3	<i>Agreed, this will be worked through with HR so that the leaving dates can be assigned and records deleted accordingly.</i>	31/03/21	Senior Complaints, Appeals and Policy Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>employees left more than six years ago then their data should have already been deleted.</p> <p>This is a historical issue and should not increase in future as the Vetting unit receives regular reports from HR of starters and leavers.</p>					





## Executive Summary – Performance Management

<p><b>OVERALL ASSESSMENT</b></p>	<p><b>KEY STRATEGIC FINDINGS</b></p>										
 <p>The diagram shows a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate &amp; effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.</p>	<p> Crimes are not always being recorded promptly.</p> <p> The performance framework is ever evolving, a fourth version of the performance framework is currently being developed. The performance framework will be aligned with uplift measures and home office requirements.</p> <p> It would be beneficial if qualitative data could be included in the performance framework as this would provide context for the quantitative data.</p>										
<p><b>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</b></p>	<p><b>GOOD PRACTICE IDENTIFIED</b></p>										
<p>There has not been any dilution of compliance within the performance department due to Covid-19 pandemic.</p>	<p> In addition to maintaining the standard performance function during the Covid-19 pandemic, a dedicated reporting mechanism throughout the entirety of the Covid-19 pandemic was also provided. A Covid-19 analytical hub was created, this provided performance updates for the daily Gold Command meetings and performance updates for the Silver Command bi-weekly meetings.</p>										
<p><b>SCOPE</b></p>	<p><b>ACTION POINTS</b></p>										
<p>The audit consisted of an overview of the performance framework, and involved selecting service areas for sampling to review the quality of information being produced.</p>	<table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> <td>1</td> <td>1</td> </tr> </tbody> </table>			Urgent	Important	Routine	Operational	-	-	1	1
Urgent	Important	Routine	Operational								
-	-	1	1								

## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>It has been acknowledged that the constabularies are not always recording crimes promptly. To help ensure that crimes are recorded promptly, SBOS have developed a report which reports on how long it takes for crimes to be recorded. Separate reports are produced for Suffolk and Norfolk.</p> <p>It was confirmed that the reports are now being produced and were being presented to the Crime Data Integrity meetings.</p> <p>As of the 31st of May, Suffolk were recording 70% of crimes within 24 hours and Norfolk were recording 74% of crimes within 24 hours.</p> <p>The constabularies need to record crime earlier, as prompt recording of crime increases the likelihood of a positive outcome for the crime investigated.</p>	Monitoring the prompt recording of crimes, to continue to ensure that crimes are recorded as early as possible.	3	Agreed. In addition to the reports referenced here, timeliness of crime recording forms part of our internal NCRS and HOCR audit regimes alongside the accuracy of recording and other CDI related factors. The more recent reports that assess timelines against positive outcomes will feed bi-annually into the CDI monitoring regime to compliment bi-annual NCRS audits conducted by the force crime registry team.	31/03/21	Head of Operational Services (SBOS)

## Executive Summary - Payroll

<p><b>OVERALL ASSESSMENT</b></p> 	<p><b>KEY STRATEGIC FINDINGS</b></p> <ul style="list-style-type: none"> <li> A standard to be agreed in Norfolk for claiming of overtime worked. Audit testing found instances where it had taken a year for overtime to be claimed by officers.</li> <li> A standard to be agreed for submitting expenses to help ensure that these are submitted timely.</li> </ul>								
<p><b>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</b></p> <p>There has not been any dilution of compliance within the payroll function, the monthly payrolls have been run as usual with salary payments being made accordingly to employees.</p>	<p><b>GOOD PRACTICE IDENTIFIED</b></p> <ul style="list-style-type: none"> <li> The payroll team have reviewed working practices, and this has enabled the payroll team to go paperless.</li> </ul>								
<p><b>SCOPE</b></p> <p>The review focused on providing assurance around the payroll system, including data input for starters, leavers, changes, overtime, expenses and ERP reporting.</p>	<p><b>ACTION POINTS</b></p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> <td>2</td> <td>1</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	-	-	2	1
Urgent	Important	Routine	Operational						
-	-	2	1						




## Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>Overtime is not being claimed promptly by all officers after it has been worked. From review of the overtime paid in April, May and June it was found that there was overtime claims that related to overtime in 2019.</p> <ul style="list-style-type: none"> <li>In April there were 13 overtime claims paid that related to 2019 overtime.</li> <li>In May there were 25 overtime claims paid that related to 2019 overtime and;</li> <li>In June there were four overtime claims paid that related to 2019 overtime.</li> </ul> <p>There is not a standard time limit in place within Norfolk for claiming of overtime worked, of the claims tested that were submitted late the majority of overtime claims related to Norfolk officers.</p> <p>Overtime should be claimed promptly, as is there is a risk that authorisers are authorising overtime that was not worked, as it is hard to remember what overtime was worked. In addition it is not appropriate for overtime to be saved up by and claimed when individuals want it as the constabulary is not a bank.</p>	A standard to be agreed for submitting overtime claims to help ensure that these are submitted timely.	3	<i>Agreed, a standard to be agreed for submitting of overtime claims. There is already a three month time limit in place for Suffolk officers, and approval has to be obtained for overtime which is submitted outside of this period.</i>	31/03/21	Head of Transactional Services
2	Directed	<p>A sample of 33 subsistence claims were selected to test following data analysis, for the 33 claims selected to test it was found</p>	A standard to be agreed for submitting expenses to help ensure that expense are submitted timely.	3	<i>Agreed, a standard will be agreed and set for Norfolk employees for submitting of expenses.</i>	31/03/21	Head of Transactional Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>that there was a claim and evidence to support the payment made.</p> <p>For the claims reviewed it was found that there were instances where it had taken a long while for the expenses incurred to be submitted, with some claims having taken six months to be claimed.</p> <p>Norfolk does not have a time limit for claiming of expenses. Suffolk have a time limit for claiming of expenses incurred and approval has to be obtained for claims that are submitted outside of this target time.</p>					

## Executive Summary – Information Governance

**OVERALL ASSURANCE ASSESSMENT**



The diagram illustrates the overall assurance assessment. It features a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right of the circle are four horizontal bars representing different levels of assurance: 'SUBSTANTIAL ASSURANCE' (green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).

**OVERALL CONCLUSION**

The Office of the Police and Crime Commissioner for Norfolk has a comprehensive GDPR policy in place. Working practise have been reviewed to ensure that staff are compliant with GDPR.

- The Office of the Police and Crime Commissioner for Norfolk does not have a data protection impact assessment framework in place, as they do not process personal information that would create a high risk to an individual.
- A Covid-19 assessment has been undertaken to ensure that they are able to work safely in accordance with Covid-19 requirements and staff remain compliant with GDPR. All staff have been provided with work laptops, headphones and have a designated corporate virtual background.

**SCOPE**

The review assessed compliance with the General Data Protection Regulations (GDPR).

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	0	0	1

## Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Covid-19 Controls	1	Final report issued	
Transformation and Business Case	2	Final report issued	
Estates Strategy and Policy	2	Final report issued	
Vetting	2	Final report issued	
Performance Management	2	Final report issued	
Payroll	2	Final report issued	
Information Governance – Norfolk PCC	2	Final report issued	
Data Quality	2	Fieldwork commenced	
PEQF	2	Fieldwork commenced	
Strategic Control and Corporate Governance - Covid-19 Resilience	2	Audit scheduled	The audit has been delayed until quarter 3 at the request of the client.
Recovered Property	2	Audit scheduled	Due to social distancing the audit has been scheduled for November at the request of management, as there are restrictions as to the number of individuals that can be in the property stores at any one time.
HR Strategy, Workforce, People – Use of Resources	2	Audit scheduled	HR have requested that the PEQF audit to be the first audit undertaken. This has been delayed until quarter 4 at the request of the client.
Procurement Compliance with Departments	3	Audit scheduled	
Risk Maturity Assessment	3	Audit scheduled	

System	Planned Quarter	Current Status	Comments
Constabularies Commissioning	3	Audit scheduled	
MOPI	3	Audit scheduled	The audit has been delayed to quarter three due to Covid-19, this was planned to be a quarter two audit.
Succession Planning	3	Being scheduled	The audit has been delayed to quarter three due to Covid-19, this was planned to be a quarter two audit.
OBB	3	Audit scheduled	
Shared Services Transaction Centre	3	Audit scheduled	
Corporate Health and Safety	3	Audit scheduled	
Key Financials	4	Audit scheduled	
Use of Vehicles and Telematics	4	Audit scheduled	The audit has been delayed until quarter four to undertake, so that potential implications in relation to Covid-19 on fleet can be considered.
Recruitment	4	Audit to be scheduled	
OPCC – Commissioning	4	Audit scheduled	
Collaborations	4	Audit to be scheduled	
Risk Management Advisor - Embedding/Development	1-4	In progress	The audit will focus on how the risk management framework is developing and being embedded across the organisations. The work will involve review each quarter of the progress.
IT – Cyber Security	2	Audit being scheduled	
IT – Digital World	2	Audit being scheduled	
IT – Device Management and Storage	3	Audit being scheduled	
IT – Chronicle	3	Audit being scheduled	

KEY:

To be commenced

Site work commenced





Draft report issued

Final report issued

## Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk and Control which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued in the last three months which may be of relevance to the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies is given below. Copies of any CBNs are available on request from your local TIAA team.

### Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
CBN – 20009	Guide for Audit Committees on Financial Reporting and Management during Covid-19		<b>Action Required Not Urgent</b> Audit Committees are advised to consider the guidance in the context of current and shorter-term financial reporting. They may also wish to review the assurance they require on how Covid-19 has impacted on the control environment, financial regularity and the potential for fraud.
CBN – 20021	Risk of Redacted Information being Unredacted		<b>Action Required</b> Organisations should ensure they have provided clear instructions to staff on how to safely and securely redact information, such that the redaction cannot subsequently be removed. Consideration should be given to obtaining an accredited third-party redaction tool for Microsoft Word and Excel.
CBN – 20023	Need for a Social Media and Electronic Communications Policy		<b>Action Required Not Urgent</b> Audit Committees and Boards are advised to review their policies, including those relating to GDPR, communications, marketing, disciplinary, code of conduct, and to ensure that they are in line with the recommendations contained within the articles. Consideration should also be given to having a separate Social Media and Electronic Communication Policy.
CBN -20025	Risks Associated with Cloud Computing		<b>Action Required</b> Audit Committees and Boards/Governing Bodies are advised to seek assurance from their Data Protection Officer and IT on the status of where data is stored and what risk mitigation measures have been employed. Where no due diligence has been performed prior to cloud service use, retrospective assurance should be sought.
CBN -20029	Data Protection Guidance for Collecting Customer Information		<b>Urgent Action Required</b> Organisations should ensure they have appropriate policies and procedures in place to meet their obligations for contact tracing and the protection of customer and visitor details.



# **Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies**

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## **Follow Up Review**

**2020/21**



## Executive Summary

### INTRODUCTION

1. The follow up of internal audit recommendations undertaken by TIAA is undertaken throughout the year and reported to the Audit Committee during the year at each meeting.
2. The summary tables show the number of raised and brought forward priority 1 and priority 2 recommendations implemented since being reported to the September 2020 Audit Committee meeting and those outstanding past their implementation dates.

Figure 1 - Summary of the action taken on Recommendations made

Evaluation	P1 - Urgent Recommendations	P2 - Important Recommendations	Total	Previous Position for comparison
	Number	Number		Total
Implemented Since Last Meeting	1	17	18	9
New Recommendations Added Since Last Meeting (without revised dates)	0	3	0	3
Outstanding with Extended Period Agreed & Not Reached	1	24	25	43
Original Deadline Not Yet Reached	1	5	6	3

				Completed since last Audit Committee		Outstanding / Overdue		Extended Period - Still Overdue		Outstanding with Extended Period Agreed & Not Reached		Not Yet Due To Be Implemented	
				P1	P2	P1	P2	P1	P2	P1	P2	P1	P2
Audit Ref	Audit Area	Date Presented to Audit Committee	Assurance Level										
<b>2016/17 Internal Audit Reviews</b>													
NSC1714	Overtime, Expenses	Mar-17	Reasonable		1								
<b>2018/19 Internal Audit Reviews</b>													
NSC1906	Enact Replacement	Nov-18	Reasonable								1		
NSC1909	Key Financials	Mar-19	Reasonable								1		
NSC1915	Establishment	Mar-19	Reasonable								2		
NSC1917	Vetting	Nov-18	Reasonable		1								
<b>2019/20 Internal Audit Reviews</b>													
NSC2005	Workplace Health	Jul-19	Reasonable								1		
NSC2006	Temporary Contracts	Jul-19	Reasonable								2		
NSC2009	Firearms	Jul-19	Reasonable								1		
NSC2010	Stores and uniform	Oct-19	Reasonable		2								
NSC2011	Emergency Preparedness	Oct-19	Reasonable		1								
NSC2016	Data Protection	Oct-19	Limited										1
NSC2017	Mobile Device Management	Mar-20	Reasonable		1								

				Completed since last Audit Committee		Outstanding / Overdue		Extended Period - Still Overdue		Outstanding with Extended Period Agreed & Not Reached		Not Yet Due To Be Implemented		
				P1	P2	P1	P2	P1	P2	P1	P2	P1	P2	
NSC2020	Risk Management	Mar-20	Reasonable		1									
NSC2023	Overtime	May-20	Reasonable		1									
NSC2024	Limited Duties	Mar-20	Limited	1	1									
NSC2025	External Training Budget	May-20	Reasonable		1						1		1	
NSC2027	Allowances and Expenses	May-20	Limited									1	1	
NSC2029	Dog Handling	Oct-19	Limited								3			
NSC2032	ED&I	May-20	Reasonable								2		1	
<b>TOTALS</b>				<b>1</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>1</b>	<b>4</b>	
	<b>2020/21 Internal Audit Reports</b>													
NSC2101	Covid-19	Sept-20	Reasonable										1	
NSC2103	Transformation and Business Case	Sept-20	Reasonable										1	
NSC2109	Estates Strategy and Policy	Sept-20	Reasonable								1			
<b>TOTALS</b>										<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	
	<b>DMS Project and L&amp;D Project</b>													
NSC1804	L&D Skills	Jul-18	Limited							1	6			
NSC1707	Duty Management	Dec-16	Limited		2									
NSC1916	Duty Management	Nov-18	Limited		5						3			
<b>DMS Project and L&amp;D Project Totals</b>				<b>0</b>	<b>7</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>TOTALS</b>				<b>1</b>	<b>17</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>24</b>	<b>1</b>	<b>6</b>

**KEY FINDINGS**

3. Outstanding recommendations are reported to Organisational Board.
4. It is noted that the majority of recommendations continuing to remain outstanding are largely due to resource and IT requirements to be sourced. Long standing recommendations have been retained on the report where relevant and risks are still present that require addressing.
5. There are two large projects in progress that affect recommendations in relation to L&D Skills (NSC1804) and Duty Management System (NSC1916). The recommendations in relation to the distinct areas are summarised here instead of reproducing all related recommendations:
  - 5.1 L&D Skills (NSC1804) – this issue is around the skills data held by Learning and Development, the timescales were ambitious, following which the service manager has left the Constabularies. Management are taking action to address the outstanding recommendations, and progress by management is being monitored. A business case has been prepared to discuss the role and use of a potential solution to address the issues, progress against this business case is being monitored by the Constabularies project management board.
  - 5.2 Duty Management System (NSC1916) and (NSC1707) – the introduction of the designated police overtime system POCASO, the enhancement of controls and upgrade of the Duty Management System has resulted in all of the recommendations that related to the NSC1707 Duty Management System audit being completed and the majority of the outstanding recommendations for the NSC1916 Duty Management System audit being completed. There are now only three recommendations outstanding from the NSC1916 audit, and work is progressing to address these. The three recommendations outstanding are dependent on planned upgrades to systems.

**THE BREAKDOWN OF THE ACTIONS ON RECOMMENDATIONS KEY:**

- The direction of travel for implementing recommendations is shown from right to left.
- The audit will remain on the table until all P1 and P2 recommendations relating to that audit are complete and reported as such to Audit Committee. Once an audit is reported as complete (highlighted in grey), the audit will be removed from the table.
- Outstanding with extended period agreed – outstanding past original deadline and an extension has been agreed with management.
- Outstanding and previously reported as such to Audit Committee – outstanding past agreed deadline and no extension has been agreed.
- New since the last Audit Committee meeting – deadline has recently passed and the recommendation is outstanding.
- Not yet due for implementation – the agreed implementation deadline has not been reached.

**SCOPE AND LIMITATIONS OF THE REVIEW**

6. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss.
7. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
8. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff, accounting records and transactions and to ensure the authenticity of these documents.

**RELEASE OF REPORT**

9. The table below sets out the history of this report.

<b>Date final report issued:</b>	October 2020
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