AUDIT COMMITTEE

Tuesday 5th July 2022 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, please contact the OPCCN (details below) prior to the meeting if you wish to submit questions to the Committee on any matter on the public part of the agenda.

Questions should be addressed to the Chair of the Audit Committee.

- The details of the Audit Committee and relevant papers are on the website.
- The deadline for submission of questions is five clear working days before the meeting in order that an appropriate answer to the question can be given.
- Questions should be submitted by email to: - opccn@norfolk.police.uk or written questions can be sent via post to the Office of the Police & Crime Commissioner. (address below).
- A list of questions will be drawn up in order of receipt and copies of all questions and statements will be circulated to all members of the Committee.
- Each member of the public asking a question must give his or her name and the town that they live within Norfolk. We will publish the question and response on our website but redact individuals' details.

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 **12 April 2022**	Page 4
4.	Review and update the Action Log	Page 9

5. Internal Audit 2021/22 Final Progress Report and Follow up Report (incl any outstanding) and 2021/22 Annual Report- Report from Head of Internal Audit — Page 12

6. Accounting Policies – Update from CFO and ACO — Page 37

7. Annual Governance Statement - Report from CFO — Page 54

8. Forward Work Plan – Report from CFO — Page 73

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Part 2 – Private Agenda

9. Fraud update – Report from CFO

10. Strategic Risk Register Update –Report from Chief Exec and CC

11. AOB – Advisory Audit report

Date of Next Meeting

Tuesday 11th October 2022 at 14.00hrs - Venue TBC

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Enquiries to:

OPCCN

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Falconers Chase, Wymondham, Norfolk, NR18 0WW
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如果您希望把这份资料翻译为国语，请致电 01953 424455 或发电子邮件至：
opccn@norfolk.police.uk 联系诺福克警察和犯罪事务专员办公室。

Если вы хотите получить данный документ на русском языке, пожалуйста, обратитесь в Управление полиции и комиссии по рассмотрению правонарушений в графстве Норфолк по тел. 01953 424455 или по электронной почте: opccn@norfolk.police.uk

Se desejar obter uma cópia deste documento em português, por favor contacte o Gabinete do Comissário da Polícia e Crimes através do 01953 424455 ou pelo e-mail: opccn@norfolk.police.uk

Jei šio dokumento kopiją norėtumėte gauti lietuvių kalba, prašome susisiekti su Policijos ir nusikalstamumo komisarų tarnyba Norfolko grafystėje (Office of the Police and Crime Commissioner for Norfolk) telefonu 01953 424455 arba elektroninio pašto adresu opccn@norfolk.police.uk

Jeśli chcieliby Państwo otrzymać kopię niniejszego dokumentu w języku polskim, prosimy skontaktować się z władzami policji hrabstwa Norfolk (Office of the Police and Crime Commissioner for Norfolk) pod numerem 01953 424455 lub pisać na: opccn@norfolk.police.uk

Audit Committee Meeting

Tuesday 12 April 2022
14:00 hours
Via Microsoft Teams

MINUTES

Members in attendance:

Mr R Bennett (Chair)
Ms A Bennett
Ms J Hills
Mr P Hargrave

Also, in attendance:

Mr G Orpen-Smellie	Police and Crime Commissioner, OPCC
Ms J Penn	Chief Finance Officer, (PCC CFO), OPCC
Mr S Megicks	Deputy Chief Constable, Norfolk Constabulary
Mr P Jasper	Assistant Chief Officer (ACO), Norfolk Constabulary
Ms F Dodimead	Director of Audit, TIAA
Ms C Lavery	Audit Manager, TIAA
Mrs J Curson	Transcribing the minutes from the Teams Recording

Part 1 – Public Agenda

1.0 Welcome and Apologies

1.1 Apologies were received from Chief Constable Paul Sanford, Mark Stokes, Chief Executive OPCC, Mark Hodgson EY, Vicky Chong EY and Adrian Matthews Committee member.

1.2 The chair advised that the meeting was quorate given the attendance.

1.3 There were no questions received from the general public.

2.0 Declarations of Personal and/or Prejudicial Interest

2.1 None were recorded.

2.2 The Chair asked for all committee members to email the CFO direct if there are any changes from the last updated version. The Chair had an update and will email this to the PCC's office.

3.0 Minutes of the last meeting

3.1 The minutes of the last meeting were duly agreed by the Audit Committee members as an accurate account of meeting.

3.2 An email had been circulated to the Audit Committee in relation to the query from the minutes of the 19 October 2021, item 5.7. The Chair and the Committee confirmed that they are happy with the accuracy of the item and the mitigations that are in place.

4.0 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 – Progress

5.1 F Dodimead advised that 5 final reports have been issued since the last Committee Meeting. Two were substantial assurance, two were reasonable assurance and the in depth follow up of the seized monies report.

5.2 C Lavery advised that really good progress has been made with Seized Monies and the backlog has been reduced considerably. There were seven recommendations raised, one of the recommendations is now overdue and C Lavery asked the Committee to approve a revised target date for this recommendation.

5.3 A Bennett queried the substantial assurance on the Policies audit as out of date policies are a risk issue. C Lavery advised that significant progress had been made over the last three years, those overdue should be resolved by 30 June 2022 and also a new appointment is being made to oversee policies. A Bennett confirmed that she was satisfied with the explanation from TIAA and the information that had been circulated by the ACO.

5.4 A Bennett had been reviewing previous minutes and noticed that a list of single tender actions had previously been presented to the Committee. As this does not technically sit within the remit of the Audit Committee, A Bennett asked where the governance would be within the Constabulary. The ACO advised that there is a 7F Strategic Procurement Governance Board which meets quarterly and is chaired by a PCC from within the region and a monthly 7F Commercial Procurement Board that sits monthly chaired by an ACO from the region. Issues in relation to STAs are discussed at both these meetings. There will a briefing at the next informal briefing session from Dave Levy on 7F commercial procurement generally but also STAs specifically.

5.5 A Bennett raised a question in relation to seized monies and asked what process is in place for reviewing bank accounts holding large quantities of money. C Lavery confirmed that this money is held until a decision is made and will be reconciled on a monthly basis. There are currently delays within the Criminal Justice system which are exacerbating the length of time it takes to return seized monies.

Action 71: C Lavery to supply to the Audit Committee data in relation to seized monies volumes and length of time being held.

5.6 P Hargrave asked whether the recruitment to the extra post to deal with seized monies had now been successful. The ACO advised that there is an ongoing process for the appointment of a seized monies post, and it will be filled in due course.

5.7 The Chair advised that he was pleased with the results of two substantial and two reasonable audits and had also felt that good progress has been made in relation to the follow up for seized monies. The PCC had also discussed with the CFO the seized money issues and was satisfied with the action was being taken to address these issues.

Decision: The Audit Committee agreed the extension of the target date to 30 June 2022 for the seized monies audit and there will be an update from TIAA at the next Committee meeting on 5 July 2022.

6.0 Progress against Annual Plan

6.1 The Chair asked if there was a delay with the draft report for the Shared Service Transaction Centre audit which was planned in Quarter 1. The ACO advised that the draft report has been received and there are four recommendations one of which the ACO will need to discuss with the CFO and the other three will be accepted. Therefore, the report is very close to being agreed and signed off but was not quite ready to be presented at this Committee meeting. C Lavery also confirmed that the result of this report will be reasonable assurance and advised that if there had been any serious concerns, they would have been flagged to the Committee today.

Action 72: The Chair asked if there could be target dates set for responding to draft reports and asked for TIAA to consider how this could be implemented.

6.2 The Chair asked if TIAA could give any indications as to content of the Head of Audit's opinion, as this would be presented formally at the next Audit Committee Meeting. The timing of Audit reports had obviously been affected by the break in the contract during 2021, however, F Dodimead advised that currently the opinion is looking positive.

6.4 In relation to the query raised by A Bennett relating to Information Management and home working the ACO advised that there is now in place a Hybrid and Home Working policy, and this covers any security issues linked to home/hybrid working. Staff had also been issued with guidance in relation to home working security.

6.5 P Hargrave raised issue with the number priority 1 and 2 recommendations past their due date some of which have had multiple changes to their due date and asked if these dates are likely to be achieved. The ACO gave a detailed explanation on some of these recommendations and advised that the changes to target dates can often be attributed to delays with policies and changes to system processes. The ACO did not feel that there was a systemic issue with any of these due dates. The DCC advised that his managers deal both robustly and realistically with these dates when responding to the internal auditors.

6.6 J Hills indicated concern in relation to the vetting issue and the fact that the backlog had grown and asked if this could be an issue for any HMICFRS inspection. The DCC advised that a peer review has taken place but the results of this have not yet been received. The DCC advised that there are two issues firstly, the business-as-usual necessity to maintain our ability to vet and renew vetting and secondly additional ad hoc vetting. Capacity has been increased with the use of overtime, using outside forces' support and an increase in the vetting department's establishment. The DCCs in Norfolk and Suffolk also have regular meetings with PSD to monitor progress with these issues. The Chair asked if the force set its own time frames so it can monitor its performance against those targets. The DCC advised that time frames are not in place, but the force does ensure that the business is not compromised because of vetting and there is a priority process in place in relation to business need.

6.7 The Chair was concerned with the statement in the report that *'Fire safety compliance has not been maintained at a satisfactory standard, despite reminders.'* There is now a revised date of 30 June in place for this recommendation and the Chair asked for assurance that this recommendation is on track to be resolved. The DCC advised that the post of Fire Safety Officer is currently being recruited and this will deal with addressing this recommendation.

Action 73: The ACO to discuss fire safety with the DCC outside of the meeting as the Health and Safety is part of the DCC's portfolio and TIAA to give an update at the next meeting.

7.0 Forward Plan

7.1 F Dodimead advised that the plan has gone through several processes and discussions have taken place. The TIAA contract goes to the 30 June so the quarter 1 audits would be part of their contract. The rest of the quarters would be managed by whoever is appointed in the new contract.

7.2 The CFO and the ACO have also been included within the discussions to develop the forward plan.

7.3 P Hargrave advised that he is pleased that the proceeds of crime, data protection, data quality and vetting are included within the plan. The Chair is also pleased that cyber security is listed within the plan and the plan is linked to items listed on the strategic risk registers.

7.4 J Hills also asked if the external auditors had been consulted about what they would like to see in the plan. F Dodimead advised that the external auditors are now considering internal audit work. It was also noted that sample sizes either meet or exceed the external auditor's sample size requirements.

Decision: The Audit Committee approved the forward plan but recognised that it may be subject to review once the audit contract is appointed.

8.0 Audit Committee Forward Plan Work

8.1 The CFO advised the plan is now in place, dates for external audit will also need to be discussed. Briefing topics will also need to be discussed. STAs and 7F procurement has been listed for the next briefing session in July and also the draft accounts will be presented by Ivan Fearn. The Force management statement will be listed for the October briefing session.

8.2 There will be a private meeting with the Audit Committee members, internal audit, and external audit which will take place in January 2023.

9.0 Draft Audit Committee Annual Report

9.1 The Chair thanked the CFO for drafting this report. The draft report is now presented to the Audit Committee for any comments and the PCC, and the CC will discuss in more detail at the end of May.

9.2 J Hills asked if CIPFA have given any updated guidance and recommendations on how Audit Committees should operate. The CFO advised that shortly there will be updated guidance issued from CIPFA and there will be a separate section for Police Audit Committees. The main issue will be the recruitment to the Committee next year. The CFO confirmed that we do not benchmark against other committees however we do share information.

9.3 The Chair will feed back to the Committee after the meeting with the PCC and the CC in May.

Audit Committee
Public – Part 1

Action Log

Action Number	Meeting Date	Actions and update	Owner	Status
New Actions: 25 January 2022				
065	25.1.22	**Policies** Following circulation of the policies, A Bennett raised question in relation to overdue and out of date policies, asked whether there is a priority order for reviewing policies and what are the risks particularly in relation to information management. The ACO will circulate an updated list to the Committee following the meeting and this shows the priority order, together with the latest position for each of the policies. C Lavery also advised that the points raised by A Bennett would be discussed in the policy audit taking place next week. The CFO also advised that work is in progress to draw up the PCC policy list in tabular form on a RAG basis to allow ease of viewing. **New Action:** A Matthews asked if one solution would be to have one policy to govern all policies, the Chair asked the ACO and CFO to consider this and A Matthews to send through an appropriate anonymised policy for information. **Update 24.3.22** P Jasper has now circulated detailed information regarding policies and has advised that there is an over-arching policy in place for all policies. Further discussion at the next Audit Committee meeting. **Update 12.4.22 Action closed**	P Jasper/J Penn/A Matthews	Action closed 12.4.22
066	25.1.22	**Policy Timescales** J Hills asked about the length of the time it takes to approve a policy and the length of the process.	P Jasper	Action closed 12.4.22

		Action: P Jasper will discuss this further with V Curtis head of the PMO to ascertain if the process could be made speedier. **Update 24.3.22** P Jasper has now circulated detailed information regarding policies. Further discussion as the next Audit Committee Meeting. **Update 12.4.22 Action closed**		
067	25.1.22	**Seized Monies - Reporting** **Action:** A Bennett asked if there was a system of reporting to monitor how long it takes to respond to a court instruction to return the money. The ACO will investigate what performance monitoring is in place and discuss with C Lavery any findings. **Update 12.4.22** P Jasper advised that no formal KPI is currently in place to monitor this. However, money is returned upon instruction within 24/48 hours. **Action closed**	P Jasper	Action closed 12.4.22
068	25.1.22	**Seized Monies – ACC Suffolk** The Chair asked who is responsible for the oversight of the seized monies process and handling. As previously advised the ACO informed the Committee following a meeting with the two Local ACCs that the Suffolk ACC will take overall responsibility for this and the Chair asked if he could be invited to the next Audit Committee meeting to brief the Committee on progress. **Action :** The ACO to arrange for the ACC Suffolk to attend the next Audit Committee meeting. The Chair agreed post meeting that the Norfolk ACO would be accountable from the Norfolk side to give any relevant update to the Audit Committee in terms of progress on seized monies. **Update 12.4.22** ACC Rob Jones from Suffolk Constabulary has been given the remit for both forces on seized monies, however, ACC Jones reports to the Suffolk Audit Committee so it was agreed that the Norfolk ACO would update the Norfolk Audit Committee as appropriate. **Action closed**	P Jasper	Action closed 12.4.22
069	25.1.22	**Audit Fees** **Action:** The CFO to advise J Curson of the correct figures for the fees for 2019/2020 for recording in the minutes. **Update 24.3.22:** The CFO has now circulated this information. **Update 12.4.22** Action closed. There is no update as yet for 2020/21 from PSAA but the CFO will advise the Committee as soon as this has been received.	J Penn	Action closed 12.4.22
070	25.1.22	**Forward Plan**	J Penn	Action closed 12.4.22

		Action: The CFO to update the forward plan and circulate to the Committee. **Update 12.4.22 Action closed**		
New Actions: 12 April 2022				
071	12.4.22	**Seized Monies** **Action:** C Lavery to supply to the Audit Committee data in relation to seized monies volumes and length of time being held.	TIAA	Live
072	12.4.22	**Target Dates for Draft Reports** **Action:** The Chair asked if there could be target dates set for responding to draft reports and asked for TIAA to consider how this could be implemented.	TIAA	Live
073	12.4.22	**Fire Safety** **Action:** The ACO to discuss fire safety with the DCC outside of the meeting as the Health and Safety is part of the DCC's portfolio and TIAA to give an update at the next meeting.	P Jasper/TIAA	Live

Internal Audit

FINAL

Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary

Summary Internal Controls Assurance (SICA) Report

2022/23

June 2022

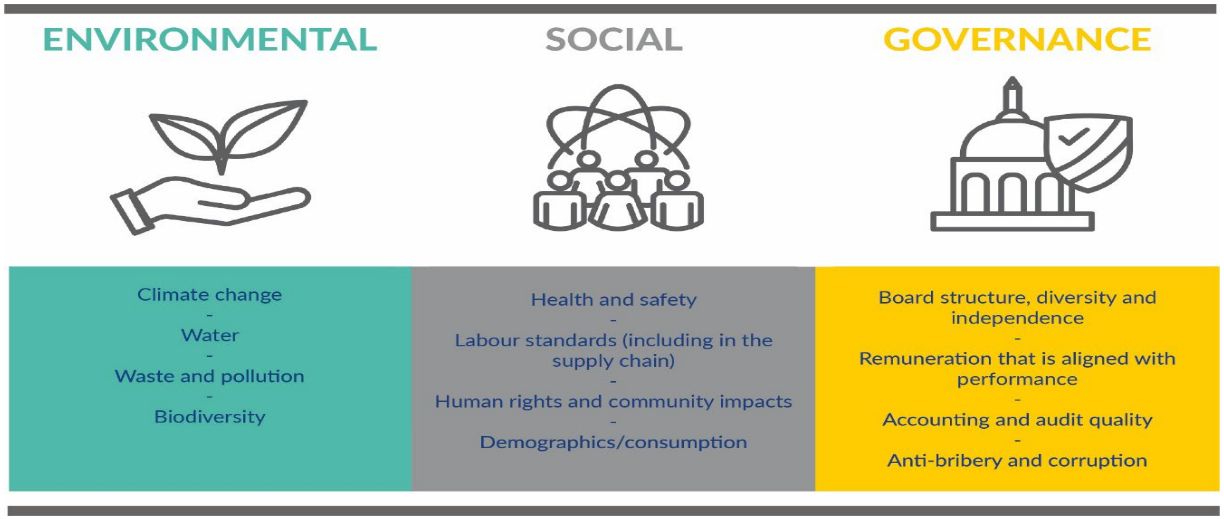
Summary Internal Controls Assurance

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 Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary as at 21st June 2022.

Emerging Governance, Risk and Internal Control Related Issues

2. Sustainability is becoming an ever more important consideration for organisations with the efforts of all sectors to reduce their emissions on a much bigger scale being integral to ensuring that global warming stays within the 1.5°C limit highlighted by the IPCC report and adopted by COP26. The increasing importance of Environmental, Social and Governance (ESG) objectives, as well as the introduction of reporting frameworks, both voluntary and mandatory, highlights the need for organisations to demonstrate greater transparency for their stakeholders. The need for strategic direction and the existence of risks and opportunities within ESG means that the Board and Audit Committee's role is integral in setting the ESG agenda.



Audits completed since the last SICA report to the Audit Committee

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

Audits completed since previous SICA report

		Number of Recommendations			
Review	**Evaluation**	**1**	**2**	**3**	**OEM**
Shared Service Transaction Centre	Reasonable	-	1	2	-
Pension Administration	Substantial	-	-	1	-
Key Financial Controls	Substantial	-	-	-	-

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

Progress against the 2021/22 and the 2022/23 Annual Plan

5. Our progress of work to date is set out in Appendix B.

Changes to the Annual Plan 2022/23

6. There have been no changes made to the 2022/23 internal audit plan.

Progress in actioning priority 1 & 2 recommendations

7. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.. More information on overdue recommendations is provided in Appendix C.

Frauds/Irregularities

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

Other Matters

9. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report.

Responsibility/Disclaimer

10. 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.

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
Shared Service Transaction Centre	Reasonable
Pension Administration	Substantial
Key Financial Controls	Substantial

Executive Summary – Shared Service Transaction Service

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

There are no Terms of Reference for the SSTC Governance Board.

The Terms of Reference for the SSTC Working Group do not reflect the meeting frequency or composition of the Group in practice.

There are no KPIs reported on to monitor the performance of the SSTC.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The Shared Service Transaction Centre (SSTC) is unable to deliver the objectives set in the business case.

GOOD PRACTICE IDENTIFIED

Business cases for the creation of the SSTC and for further developments in Phase 3 of the project have been approved by senior officers.

A new governance structure was instituted to oversee the work of the SSTC and ensure that objectives are met.

SCOPE

The audit focused on the aims of the service centre and how these are embedded.

ACTION POINTS

Urgent	Important	Routine	Operational
0	**2**	**1**	**0**

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 SSTC Governance Board meets on a monthly basis to oversee the work of the SSTC. It evolved from the SSTC Project Board when the SSTC was created at the end of Phase 2, but new Terms of Reference were not written for the Governance Board.	Terms of Reference for the SSTC Governance Board be written and agreed.	2	*Agreed, this is being addressed a formal terms of reference will be developed*	*30/09/22*	*Head of Shared Transaction Centre*
3	Delivery	At present, the only data reported is on transaction volumes, rather than any performance data. This is linked to the production of an SLA, as the performance expectations of the SSTC need to be set before any KPIs can be agreed.	A set of KPIs be developed to monitor the performance of all services provided as part of the SSTC.	2	*Agreed, a review of the KPIs will be undertaken so that appropriate KPIs that are not solely transactional based are measured so that there is an effective means to evaluate the SSTC.*	*30/09/22*	*Head of Shared Transaction Centre*
2	Directed	The SSTC Working Group has met on a monthly basis since the SSTC was created in October 2020. However, the Terms of Reference state that it will meet fortnightly.	The Terms of Reference for the SSTC Working Group be reviewed and updated to reflect the meeting frequency and required attendees of the Group.	3	*Agreed, this will be addressed the terms of reference will be reviewed and updated*	*30/09/22*	*Head of Shared Transaction Centre*

Executive Summary – Pension Administration

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

The payroll system to be investigated to establish if a system control could be developed to ensure that police staff and police officers are entered into the correct pension scheme.

The automatic pension enrolment date has passed, all new police officers and police staff are automatically enrolled into the appropriate pension fund.

There is a process in place to ensure that refunds for pension contributions are processed appropriately.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Norfolk Strategic Risk 7-'failure to deliver good stewardship of taxpayers' money' and Suffolk Strategic Risk 9 - 'financial uncertainty'.

GOOD PRACTICE IDENTIFIED

The increased risk of having to pay increased employer pension contributions has been identified as risks on both the Norfolk and Suffolk Constabularies' strategic risk registers.

SCOPE

The review considered the arrangements for management and accounting of the pension function.

ACTION POINTS

Urgent	Important	Routine	Operational
0	**0**	**1**	**0**

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 payroll system does not prevent a police officer or police staff from being entered into the incorrect pension scheme. Whilst there are not system controls in place to ensure police staff and police officers are entered into the correct pension scheme, the payroll team will ensure that for all new starters, that when eligible they are entered into the correct pension scheme.	The payroll system be investigated to establish if a system control could be developed which would prevent police officers and police staff from being entered into the incorrect pension scheme.	3	*Agreed, this will be looked into. In the interim the payroll team will continue to undertake their checks to ensure that new starters are entered into the correct pension scheme.*	*31/10/22*	*Head of Shared Service Transaction Centre*

Executive Summary – Key Financials

OVERALL ASSESSMENT

KEY STRATEGIC FINDINGS

Appropriate controls are in place in relation to the AP, AR, Treasury Management and Payroll functions

The access rights for AR staff is inappropriate, as the AR team are able to raise debtor invoices, set up debtor accounts, receipting of invoices and debt recovery, this increases the risk of fraudulent and incorrect receipting. Management have accepted the risk, and thus no formal recommendation has been raised.

The finance team are experienced and have received training to undertake their role. Additional staff have been sourced to support the finance team.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

For Norfolk Strategic Risk 7 - Failure to deliver good stewardship of taxpayers' money and for Suffolk Strategic Risk 9 - Financial Uncertainty

GOOD PRACTICE IDENTIFIED

Treasury management strategies for 2022/23 have been produced and these were presented and approved by the Audit Committees.

Cash flow forecasting is undertaken and these budget for loan repayments.

SCOPE

The review considered the arrangements for key controls operating within the systems and Force Management Statements.

ACTION POINTS

Urgent	Important	Routine	Operational
0	**0**	**0**	**0**

2021/22 Plan

System	Planned Quarter	Current Status	Comments
Overtime	1	Final Report	
Transport Management - Maintenance, Repair, Disposal, Transport Stock	1	Final Report	
Dog Handling	1	Final Report	
Business Continuity	1	Final Report	
Joint Justice Services	1	Final Report	
Capital Programme	3	Final Report	
Shared Service Transaction Centre	1	Final Report	
Pension Administration	3	Final Report	
Risk Maturity and Development	4	Final Report	
Corporate and HR Policies	4	Final Report	
Procurement Strategy and Policy	4	Final Report	
Key Financials	4	Final Report	
Seized Monies Follow-up	4	Final Report	The days originally for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work
Establishment, Capacity, Recruitment and Retention	4	Fieldwork completed at draft report stage	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.
Absence Management, with limited duties	4	Fieldwork completed at draft report stage	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.

PEQF	4	Fieldwork completed at draft report stage	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.
Data Quality	4	Planned start date agreed	Audit moved to the 2022/23 year at the request of management. Planned start date agreed for audit,
Systems– ERP / Enact / DMS / Chronicle interfaces	4	Planned start date agreed	Audit moved to the 2022/23 year at the request of management. Planned start date agreed for audit,

2022/23 Plan

System	Planned Quarter	Current Status	Comments
Complaints	1	Fieldwork stage	
Safeguarding	1	Fieldwork stage	
Workplace Health	1	Fieldwork stage	
Whistleblowing	2	Planned start date agreed	
Use of Social Media	2	Planned start date agreed	
Overtime and Additional Allowances	2	Planned start date agreed	
Local procurement compliance including waivers	2	Planned start date agreed	
Vetting	2	Planned start date agreed	
Firearms Licensing	3	Planned start date agreed	
Resource Management Unit	3	Planned start date agreed	
Data Protection / Freedom of Information	3	Planned start date agreed	
Agile Working	3	Planned start date agreed	
Security of Seized Proceeds of Crime (Cash and Assets)	3	Planned start date agreed	
Performance Management	3	Planned start date agreed	

Change Management Programme	3	Planned start date agreed	
Succession Planning	4	Planned start date agreed	
Data Quality	4	Planned start date agreed	
Commissioners Grants	4	Planned start date agreed	
Risk Management	4	Planned start date agreed	
Key Financials	4	Planned start date agreed	
Cyber Security	2	Start date being arranged	
ICT Strategy	3	Start date being arranged	
ICT Project Management – Support for New Projects	4	Start date being arranged	
Systems– ERP / Enact / DMS / Chronicle interfaces	4	Start date being arranged	

KEY:

	To be commenced		Site work commenced		Draft report issued		Final report issued

Priority 1 and 2 Recommendations - Progress update

The following table lists the recommendations that are overdue, it does not include the seized monies recommendation for which the recommendation is overdue

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
Data Quality	Work needs to continue to get the automated match and merge function switched on in Athena to help address the potential number of duplicates in the system.	2	*Work is ongoing to develop the rules to enable automated match and merges to be undertaken, but with this being a national system it takes time for this to be addressed. Work is already ongoing to address this through the Athena Regional Group. It is hoped that the first stage of this will be delivered within the next 6 months. Delivery of this relies on the support of Northgate who are the external provider of Athena.*	*31/03/22*	*30/09/22*	*Records Manager*	***Update received 9th June*** *Work is still ongoing to address this and to get this addressed by the revised due date. Involvement is required from the seven force members to get this addressed.* *The Automated match and merge functionality within Athena cannot be switched on as this causes significant performance issues for us and other Athena forces. By way of mitigation, in Norfolk and Suffolk we are looking at utilising Clearcore (3rd party Data Quality tool) which will enable a much quicker manual process to merge / correct in the future."*
HR Strategy, Workforce Planning and People Strategy	Succession planning be undertaken for police staff.	2	*Work is now underway to bring in an E-PDR. This will provide opportunity to pull data on career preferences and high potential staff/officers enabling pro-active work to be undertaken for succession planning. All police staff have the opportunity to record career aspirations and development objectives within the existing PDR forms. Our*	*31/12/21*	*30/09/22*	*Head of Policy, Reward & Employee Relations*	***Update received 10th June*** *The E-PDR process is now in place, it needs to be established if this is working appropriately and if it is an effective means as a basis for succession planning.* *Work is progressing to get this addressed by the revised due date. An Establishment, capacity and recruitment audit is currently*

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
			intention is to develop a Succession Planning policy which outlines the Constabularies approach for officers and staff and which provides a framework for Heads of Department and Commands to undertake succession planning in a way which is tailored to their operational and organisational needs.				*being undertaken, the recommendation is being followed up as part of the audit.*
Corporate Health and Safety	A designated resource be assigned for co-ordinating and managing the fire safety management process. The resource needs to ensure that the necessary fire safety checks are undertaken and staff receive appropriate fire safety training.	2	*In order to satisfy this finding, if fire safety compliance does not improve within the next six months then a dedicated role to ensure fire safety compliance, monitoring and auditing will be required to be fulfilled by a suitably qualified, competent and experienced individual.*	*01/09/21*	*31/01/22, 30/06/22 & 31/10/22*	*Joint: Health and Safety Manager and Head of Estates*	***Update received 9th June*** *Approval has been obtained to have an additional resource, this was approved through the OBB process. OBB approved a Fire Safety Officer and work commenced to fill the role, but this has been paused.* *The Fire Safety Officer Post went through the Job Evaluation Panel in May and came out as band E, whereas the OBB approval was for a Band D. Options are being considered - when resolved, recruitment will proceed. Realistically, it is felt the early Autumn is a sensible end date for a suitable person to be in post.* ***A revised due date has been requested for the recommendation***
Corporate Health and Safety	Designated fire safety persons be assigned for all buildings/areas/departments to ensure that the necessary statutory fire checks are undertaken.	2	*Responsible persons already have this role, to an extent, however the requirements are not routinely being complied with, and the individuals, particularly in Suffolk cover multiple stations increasing risk and ability to fulfil statutory duties placed upon both*	*01/07/21*	*31/01/22, 30/06/22 & 31/12/22*	*Joint: Health and Safety Manager and Head of Estates*	***Update received 9th June*** *The 'Strategic Development Coordinator for CPC Commander for Suffolk' has led on a review of responsible officers, this has enabled a focus on responsible persons as part of a wider review. The discussion has enabled topics in his 121s with the relevant*

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
			constabularies. Proposed actions to resolve: Review and improve first safety and responsible person eLearning .Training and or eLearning to be repeated every 3 years as per the latest Fire Safety Management Policy requirements Review of responsible person role for all stations. Each station to assign either a responsible person 'based' in the station or a nominated person 'based' at the station to aid in fulfilling these statutory duties.				*staff to be considered. Responsible Person guidance will be updated following this review, but no significant changes are anticipated. Each premises currently has a 'responsible person', but in some areas they are covering multiple premises.* *The Business Support Supervisors' line managers are the Locality Inspectors at the Tier 1 stations at which they are based. The performance management of the Business Support Supervisors to ensure compliance falls to them.* *Gaps still exist on the electronic records, chasers have been sent and will be further escalated as not all have mitigation in place. For example recent audits showed that West Suffolk was broadly in date but only on hardcopy records. Ensuring compliance with these task's will remain an ongoing activity but the underlying concern remains on local stations keeping UpToDate.* ***A revised due date has been requested for the recommendation.***
Vetting	MV clearances be reviewed on an annual basis, in accordance with the requirements of the APP.	2	*The draft APP July 2020 has now been circulated to all forces in anticipation of implementation December 2020/January 2021. The new APP states: "8.48.3 In addition to making disclosures after vetting clearance has*	*01/04/21*	*31/01/22 & 30/06/22*	*Head of Vetting*	***Update received 9th June*** *The position has significantly improved since the last update. Outstanding applications have reduced from around 700 six months ago to a current 270, a*

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
			been granted, individuals holding MV clearance should be subjected to review at least twice during the validity of the clearance. Any MV conducted in conjunction with SC or DV clearance must be subject of annual review alongside the review of the SC or DV i.e. it is not necessary to complete two reviews per year for MV/SC or MV/DV clearances. Forces should have a programme in place to ensure that all applicable posts are subjected to review during the lifetime of the clearance. NPPV3 should also be reviewed at least twice during the validity of the clearance. "There are currently 950 staff and officers who hold DV or SC clearance and 2147 who hold MV clearance. The vetting unit will begin reviews on those who hold DV and SC clearance. The remaining MV clearances will be reviewed and appropriate review dates set in future.				*direction of travel which will continue. The unit is approaching full headcount once more, we anticipate being able to recruit a new supervisor later this year, an additional administrative role has been recruited and three experienced agency staff have been employed to further improve productivity. The recent Peer Review by Warwickshire and West Midlands was positive, praising the unit's standard of work and decision-making, and confirming processes are compliant with APP and the Codes of Practice. PEQF deadlines have been and will continue to be met, all MV renewals are up to date and RV renewals, although not fully compliant, are being processed. Achievement of all reviews being undertaken is expected by year end.* ***A revised due date has been requested for the recommendation***

KEY:

Priority Gradings (1 & 2)

1	URGENT	Fundamental control issue on which action should be taken immediately.
2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.

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 briefings issued in the last three months which may be of relevance to Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary is given below. Copies of briefing notes are available on request from your local TIAA team.

Summary of recent Briefing Notes Issues

1- Fraud Alert - texts regarding Omicron contact and booking a PCR test

2- Authorised push payments fraud

Internal Audit

FINAL

Office of the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary

Head of Internal Audit Opinion

2021-22

June 2022

Head of Internal Audit Opinion

Introduction

This is the 2021/22 Annual Report by TIAA on the internal control environment for the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on many organisations has continued to be felt throughout 2021/22 with restrictions continuing to be applied. This has been compounded by the emergence of new variants which has required the vaccination and booster programme to be accelerated. These have impacted staff availability and organisational capacity. It is acknowledged that this has affected some sectors more than others.

For internal audit the question remains as to whether sufficient internal audit work has been undertaken to gain assurance during 2021/22. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) when issuing their annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the organisation relies on for its Annual Governance Statement. Factors that need to be taken in to account in reaching a conclusion include:

- Has any reduction in coverage compared to what was planned resulted in insufficient assurance work?
- Have any limitations in the scope of individual assignments resulted in it only being possible to place partial assurance on the outcome?
- Have changes in ways of working led to gaps in the governance, risk management and control arrangements?

TIAA understands the considerable challenges and the difficult decisions that organisations are having to deal with, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope.

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

What this means for the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk

There has been minimal or no impact on the delivery of the internal audit work for 2021/22 as a result of the COVID-19 pandemic. There have been no changes to the planned work as a result of COVID-19.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, for the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary effective risk management, control and governance processes are in place.

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 Commissioner for Norfolk and Chief Constable of Norfolk Constabulary from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2021/22 Annual Audit Plan approved by the Audit Committee was for 229 days of internal audit coverage in the year.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex B.

At the request of management, there have been the following changes made to the 2021/22 internal audit plan, the days for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work. In addition the Data Quality and the Systems– ERP / Enact / DMS / Chronicle interfaces internal audits have been moved to quarter one of the 2022/23 financial year at the request of management.

Assurance

TIAA has carried out 16 reviews in 2021/22, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve strategic objectives. 15 of the 16 audits were assurance audits and one was an advisory follow-up review. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. There are three audits which have been completed to fieldwork stage. Details of these are provided in Annex B and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	4	5
Reasonable Assurance	8	11
Limited Assurance	-	2
No Assurance	-	-

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2021/22.

Urgent	Important	Routine
0	14	14

Audit Summary

Control weaknesses: 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'. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	-	11	10
Risk Mitigation	-	-	-
Compliance	-	1	4
Performance Monitoring	-	-	-
Financial Constraint	-	-	-
Resilience	-	2	-

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
2

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	June 2022

Annex A

Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2022

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement (AGS).

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;
3. Matters that have had an impact on the opinion; and
4. Commentary.

1. My overall opinion is that **Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.
2. The basis for forming my opinion is as follows:
   i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
   ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

   Additional areas of work that may support the opinion will be determined locally but are not required for Department of Health purposes e.g. any reliance that is being placed upon Third Party Assurances.
3. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion.
4. Commentary – see Annex B for a summary of completed internal audit work.

Annex B

Actual against planned Internal Audit Work 2021/22

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Corporate and HR Policies	Assurance	6	6	Substantial	
Joint Justice Services Review	Assurance	12	12	Reasonable	
Risk Maturity and Development	Assurance	8	8	Reasonable	
Disaster Recovery and Business Continuity	Assurance	12	12	Reasonable	
Shared Services Transaction Centre	Assurance	12	12	Reasonable	
Key Financials	Assurance	26	26	Substantial	
Capital Programme	Assurance	8	8	Substantial	
Pensions Administration	Assurance	6	6	Substantial	
Overtime	Assurance	12	12	Reasonable	
Procurement Strategy and Policy	Assurance	8	8	Reasonable	
Transport Review - Maintenance, Management, Repair, Disposal and Transport Stock	Assurance	15	15	Reasonable	
Dog Handling	Assurance	10	10	Reasonable	
Seized Monies Audit and Follow-up	Advisory	10	10	n/a	The days originally for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work
Establishment, Capacity, Recruitment and Retention	Assurance	10	10	Fieldwork complete	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.
Absence Management, with limited duties	Assurance	12	12	Fieldwork complete	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.

PEQF	Assurance	8	8	Fieldwork complete	Audit commenced May 2022, it was requested by management that the audit was undertaken in quarter one of the 2022/23 financial year.
Data Quality	Assurance	12	0	n/a audit moved to the 2022/23 year at the request of management	Audit days carried forward.
Systems– ERP / Enact / DMS / Chronicle interfaces	Assurance	16	0	n/a audit moved to the 2022/23 year at the request of management	Audit days carried forward.
Follow-up		9	9		
Annual Report and Annual Planning		2	2		
Audit Management		15	15		
	Total Days	**229**	**201**		

ORIGINATOR: Assistant Chief Officer

REASON FOR SUBMISSION: Endorsement

SUBMITTED TO: AUDIT COMMITTEE

SUBJECT: Accounting Policies for the Statement of Accounts 2021/22

SUMMARY:
The PCC and CC are required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These Regulation require the statements to be prepared in accordance with proper accounting practices. Those practices are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards ("the Code").

In accordance with the Code a set of accounting policies is required on which to prepare the accounts and these policies must be published within the Statement of Accounts.

RECOMMENDATIONS:
The Audit Committee are asked to review and note the Accounting Policies.

Details of Report

1. Introduction

1.1 The PCC and CC are required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These Regulation require the statements to be prepared in accordance with proper accounting practices. Those practices are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (“the Code”).

1.2 In accordance with the Code a set of accounting policies is required on which to prepare the accounts and these policies must be published within the Statement of Accounts.

1.3 The Finance Team that prepares the accounts reviews any changes made within the code and makes recommendations for amendments to the accounting policies. These recommendations are presented to the respective Chief Finance Officers (CFOs) of the PCC and Chief Constable.

1.4 The CFOs then review and approve the revised accounting policies. This process was formally completed ahead of the preparation of the draft 2021/22 accounts.

2. Recommendation

2.1 The Audit Committee are asked to review and note the accounting policies.

1. Accounting Policies

General principles

The Statement of Accounts summarises the Group's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. Those practices primarily comprise the Code supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Cost recognition and intra-group adjustment

Refer to Note 5 for further details.

Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals, a de-minimis level of £1,000 is set for year-end accruals of purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

Charges to the Comprehensive Income and Expenditure Statement (CIES) for Non-Current Assets

Net cost of policing of the PCC is debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets.
- Revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible assets.

The PCC is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue, the Minimum Revenue Provision (MRP), towards the reduction in the overall borrowing requirement (represented by the Capital Financing Requirement) equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance.

Depreciation, amortisation, and revaluation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the Movement in Reserves Statement (MIRS). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

Guidance issued under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in MRP being charged over the related assets' useful life.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de-minimis threshold of £10,000. Expenditure below this amount on an individual asset is treated as revenue, with the following exceptions:

- Desktop and laptop computers and tablets
- Monitors
- Widespread replacement of communication devices including radios
- Servers
- Software licences
- Radios
- Firearms including TASERs
- Vehicles with a life exceeding 12 months
- Annual Assets (projects incurring expenditure throughout the year which are not classified as assets under construction)
- Where government grant funding has been sought and received for specific expenditure on the assumption that both the grant and expenditure are treated as capital

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred on the acquisition or construction of non-current assets.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the MIRS.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – historic cost until the asset is live (assets under construction are not depreciated).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.

- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the net cost of policing of the PCC in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

<u>Impairment</u>

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in the following way:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

<u>Depreciation</u>

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset.

The Code requires that where a property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result, the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification, on the basis relevant to the asset class prior to reclassification, and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Fair Value Measurement

The Group measures some of its non-financial assets such as surplus assets and investment properties at fair value on each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC or Group's services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of a finite intangible asset is amortised over its useful life and charged to the net cost of policing of the PCC in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the net cost of policing of the PCC in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Council Tax

Billing authorities act as agents, collecting council tax on behalf of the major preceptors, which includes the PCC. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of council tax collected could be less or more than predicted.

The council tax income included in the CIES is the PCC's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the PCC's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS. The Balance Sheet includes the PCC's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the entity can no longer withdraw the offer of those benefits or when the entity recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Constabulary, and all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Group of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuaries.

The assets of the LGPS attributable to the Group are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is partially topped up by a grant from the Home Office.

The change in the net pensions' liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the CIES. The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Group has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including injury awards for police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Group makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the PCC has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The PCC's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the PCC, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The PCC recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the PCC.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Government grants and contributions

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Investment policy

The PCC works closely with its external treasury advisors Link Treasury Services to determine the criteria for high quality institutions. The criteria for providing a pool of high-quality investment counterparties for inclusion on the PCC's 'Approved Authorised Counterparty List' is provided below:

- UK Banks which have the following minimum ratings from at least one of the three credit rating agencies:

UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

- Non-UK Banks domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the three credit rating agencies:

Non-UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- Part Nationalised UK Banks;
- The PCC's Corporate Banker (Barclays Bank) – if the credit ratings of the PCC's Corporate Banker fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time;
- Building Societies (which meet the minimum ratings criteria for UK Banks);
- Money Market Funds (which are rated AAA by at least one of the three major rating agencies);
- UK Government;
- Local Authorities, PCCs etc.

All cash invested by the PCC in 2021/22 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

Joint operations and joint assets

Joint operations are activities undertaken by the PCC or the Chief Constable in conjunction with other bodies, which involve the use of the assets and resources of the Group or the other body, rather than the establishment of a separate entity. The Group recognises on the PCC Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the relevant CIES with its share of the expenditure incurred and income earned from the activity of the operation.

Joint assets are items of property, plant and equipment that are jointly controlled by the Group and other bodies, with the assets being used to obtain benefits for these bodies. The joint operation does not involve the establishment of a separate entity. The Group accounts for only its share of the joint assets, and the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the arrangement.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The PCC as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds toward the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

The PCC as Lessor

Where the PCC grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the net cost of policing line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and for the Police Investigation Centres (PICs) ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The liability was written down by the initial contribution.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the Chief Constable's net cost of policing in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs – these are included as part of the unitary payment such that the supplier absorbs any peaks and troughs throughout the life of the contract.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Group settles the obligation.

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the estimated liabilities which will not be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

Revaluation Reserve

This reserve records the accumulated gains on non-current assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this reserve for assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Capital Adjustment Account

This account accumulates (on the debit side) the write-down of the historical costs of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this account represents timing differences between the amount of the historical cost of the non-current assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with the statutory provisions. The PCC accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PCC and Chief Constable make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the PCC and Chief Constable have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Value Added Tax

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Group's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).

Going Concern

The Code stipulates that the financial statements of local authorities that can only be discontinued under statutory prescription shall be prepared on a going concern basis. This assumption is made because local authorities carry out functions essential to the local community, and cannot be created or dissolved without statutory prescription. Transfers of services under combinations of public sector bodies do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. However, in order to assist External Audit with establishing their going concern conclusion, a review of going concern is carried out by management. Refer to section 8 of the narrative report and Note 32 for detail of this review.

1. Accounting Policies

The Statement of Accounts summarises the Chief Constable's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. Those practices primarily comprise the Code, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Cost recognition and intra-group adjustment

Refer to Note 4 for further details.

Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the Chief Constable to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals a de-minimis level of £1,000 is set for year-end accruals of purchase invoices, except where they relate to grant funded items, where no de-minimis is used. Other classes of accrual are reviewed to identify their magnitude. Where the inclusion or omission of an accrual would not have a material impact on the Statement of Accounts, either individually or cumulatively, it is omitted.

Employee benefits

<u>Benefits payable during employment</u>

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end. The accrual is made at the most recent wage and salary rates applicable.

<u>Termination benefits</u>

Termination benefits are amounts payable as a result of a decision by the entity to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the entity can no longer withdraw the offer of those benefits or when the entity recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the entity to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pension Scheme (LGPS), administered by Norfolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Constabulary, and all of the schemes are accounted for as defined benefit schemes.

The liabilities attributable to the Chief Constable of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuaries.

The assets of the LGPS attributable to the Chief Constable are included in the Balance Sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers and a notional employer's contribution paid from the general fund; any shortfall is partially topped up by a grant from the Home Office.

The change in the net pensions liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is debited to the net cost of policing in the Comprehensive Income and Expenditure Statement (CIES). The current service cost is based on the latest available actuarial valuation.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are debited to the net cost of policing in the CIES.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the four pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The entity has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including injury awards for police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Chief Constable makes payments to police officers in relation to injury awards, and the expected injury awards for active members are valued on an actuarial basis.

Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Government grants and contributions

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Chief Constable when there is reasonable assurance that:

- The Chief Constable will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Chief Constable are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Joint operations

Joint operations are activities undertaken by the Chief Constable in conjunction with other bodies, which involve the use of his resources or those of the other body, rather than the establishment of a separate entity. The Chief Constable recognises the liabilities that he incurs and debits and credits the CIES with his share of the expenditure incurred and income earned from the activity of the operation.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

The amounts payable to the PFI operators each year are analysed into five elements; only the fair value of the services received during the year is debited to the Chief Constable's net cost of policing in the CIES. The other elements are only shown in the PCC and Group accounts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

The Chief Constable sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Chief Constable – these reserves are explained in the following paragraph:

<u>Pension Reserve</u>

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with the statutory provisions. The Chief Constable accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Value Added Tax

VAT payable is included as an expense or capitalised only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Chief Constable's CIES, or if the expenditure relates to an asset, is capitalised as part of the value of that asset. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).

Going Concern

The Code stipulates that the financial statements of local authorities that can only be discontinued under statutory prescription shall be prepared on a going concern basis. This assumption is made because local authorities carry out functions essential to the local community, and cannot be created or dissolved without statutory prescription. Transfers of services under combinations of public sector bodies do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting. However, in order to assist External Audit with establishing their going concern conclusion, a review of going concern is carried out by management. Refer to Note 17 for detail of this review.

ORIGINATOR: Assistant Chief Officer

REASON FOR SUBMISSION: Review / Endorsement

SUBMITTED TO : AUDIT COMMITTEE

SUBJECT: Review of the draft Annual Governance Statement (AGS) 2021/22

SUMMARY:

The report describes the work of the Corporate Governance Working Group and presents the draft Annual Governance Statement for review, comment and / or endorsement.

RECOMMENDATIONS:

The Committee is asked to:-
(i) note the work of the Corporate Governance Working Group
(ii) comment on and / or endorse the draft Annual Governance Statement for 2021/22.

Details of Report

1. Introduction

authority', in this case both the PCC and the Chief Constable, to

- conduct a review of the system of internal control (the AGS process)
- prepare an annual governance statement.

1.3 The 'relevant authority' must then consider the findings of the review and approve the annual governance statement.

1.4 The corporate governance arrangements of the PCC and Chief Constable (CC) are set out in the Corporate Governance Framework and the Scheme of Governance and consent, both of which are available on the website of the PCC.

1.5 The Framework and the Code of Corporate Governance are drafted from the latest good governance guidance published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives.

1.6 The Framework includes the meeting structures for the PCC and the CC, both individually and jointly. Also presented are the meeting structures for Norfolk/Suffolk Constabularies (the Strategic Partnership) and the 7 Force Collaboration.

2. The Review of the Effectiveness of the System of Internal Control and the Annual Governance Statement.

2.1 The Corporate Governance Working Group, comprising the Chief Executive and Chief Finance Officer from the Office of the Police and Crime Commissioner; the Assistant Chief Officer and Head of Strategic Business and Operational Services from the constabulary; and one Audit Committee Member has overseen the review of the Framework and the Code of Corporate Governance and the preparation of the AGS. In the course of this work it has carried out the review.

2.2 The Audit Committee is also in a position to endorse the arrangements in place through its oversight of both governance and internal audit arrangements. The Head of Internal Audit's Annual Assurance Report 2021/22, elsewhere on the agenda, includes a positive opinion on the adequacy and effectiveness of the risk management, control and governance processes.

2.3 The Draft Annual Governance Statement which is, essentially, a commentary on compliance with the Code of Corporate Governance, is attached at Appendix 1.

3. Recommendations

3.1 The Committee is asked to:-
(i) note the work of the Corporate Governance Working Group
(ii) comment on and / or endorse the draft Annual Governance Statement for 2021/22.

ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER FOR NORFOLK AND THE CHIEF CONSTABLE OF NORFOLK 2021/22

Significant governance changes arising during the period covered by the Annual Governance Statement

During 2021/22 there was a significant change in terms of the most senior leadership roles of the Police and Crime Commissioner (PCC) and Chief Constable.

Following an election on 6th May 2021, Giles Orpen-Smellie was elected the new Police and Crime Commissioner for Norfolk taking up his post on 13th May 2021. One of the first actions the PCC had to take was to appoint a new Chief Constable after the retirement of former Chief Constable Simon Bailey. Following a full recruitment process in line with requirements from the Home Office and College of Policing, Paul Sanford was appointed Chief Constable on 2nd December 2021. Prior to this Paul had been Deputy Chief Constable of Norfolk and held the role of Temporary Chief Constable in the period following Simon Bailey's retirement up to the permanent appointment.

The PCC's other key responsibility was to draw up his new Police, Crime and Community Safety Plan. The PCC announced that the previous plan drawn up by his predecessor would still apply for the first year of his term and his new plan would run from 2022-2024. The financial accounts 2021/22 therefore reflect the priorities of the previous plan.

However, this Annual Governance Statement (AGS) does consider the period up to the point the accounts are finalised following a full external audit and therefore as the new plan runs from 1st April 2022 the priorities of this plan are also considered in the AGS where appropriate to do so.

The Office of Police and Crime Commissioner for Norfolk (OPCCN) has also taken on responsibility for the Norfolk Community Safety Partnership and the governance of the Partnership sits within the OPCCN who report to the County Council.

1. Background

1.1 This Annual Governance Statement (AGS) covers the financial year 2021/22 but extends to cover the period to the signing of the Statements of Accounts in XXXXXX 2023. This statement is an opportunity to demonstrate compliance with the Code of Corporate Governance and the CIPFA Financial Management Code.

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) 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 latest CIPFA Statement on the Role of Chief Financial Officers in Policing issued March 2021.

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 A governance framework has been in place throughout the financial year 2021/2022 (ending 31 March 2022) and [up to the date of the approval of the Statements of Accounts]. There was an opportunity to review and amend the governance framework to reflect the new PCC arrangements and this work is progressing well at the time of writing this report.

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 1st 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 OPCCN and the

Constabulary continue to work together to consolidate the implementation of the new regulations and processes. The OPCCN appointed a part time Police Complaints Review Officer to deal with the new process and they have been in post since January 2020. The implementation of the new model has now been in operation since February 2020 and although there have been no issues there is a high volume of requests being submitted and the OPCCN are now looking at options for additional resourcing to assist the part time Police Complaints Review Officer role to ensure the efficient and effective delivery of the service. In addition, regular reporting on the number of complaint reviews is carried out through the Norfolk Police and Crime Panel Complaint's Sub-Panel.

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 parish newsletters and parish and council meetings. In addition, members of the public can sign up to the free Police Connect service to receive directly details of local crimes, initiatives and engagement opportunities via e-mail, voicemail or text.

3.10 The Constabulary has a Communications and Engagement Strategy, and this sets out how the force 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 local communities, using offline platforms and online 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.

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 Strategy and Engagement Plans setting out how it will obtain the views of the community and victims of crime regarding policing. The OPCCN has a Consultation and Engagement Officer to review, develop and deliver its engagement activities and oversee delivery of the Engagement Strategy. Following the PCC elections in May 2021 the Communications Plans and Engagement Strategy has been updated to take account of new PCC priorities.

3.12 The PCC held a countywide budget consultation asking Norfolk people whether they agreed to a precept rise for 2022/23. Key partners were also consulted. The results of the police budget 2022/23 consultation show that 49% of those who took part said they would be prepared to pay extra through the policing element of their council tax. The PCC holds regular public meetings (Police Accountability Meetings) to hold the Chief Constable to account and hosts online surgeries for the public to engage directly with the PCC.

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. In addition, Norfolk Constabulary undertakes a public perceptions survey that can be broken down to district level, which can be used to assess qualitative performance on feelings of safety and community confidence in policing and will shortly be running a hyperlocal survey amongst it's followers to understand what information and platforms they would like us to use.

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 Network has been established (this is essentially the three strategic collaborations of Norfolk / Suffolk, Kent / Essex and Bedfordshire / Cambridgeshire / Hertfordshire). This network looks for opportunities to converge processes and practices where relevant, and also looks for wider collaboration opportunities where it is practical to do so. The network 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 The PCC elections in May 2020 were cancelled due to the COVID-19 pandemic and the elections took place on 6th May 2021. Giles Orpen-Smellie was elected the new Police and Crime Commissioner for Norfolk taking up his post on 13th May 2021. The PCC announced that the previous plan drawn up by his predecessor would still apply for the first year of his term and his new Police, Crime and Community Safety Plan would run from 2022-2024. The financial accounts 2021/22 therefore reflect the priorities of the previous plan as shown below.

3.18 The former PCC consulted widely on his Police and Crime Plan (2016/20) following his election in 2016 and this was published in March 2017. The Plan set out seven core priorities for Norfolk and outlined the PCC's vision for tackling and preventing crime, protecting the most vulnerable and supporting victims.

The seven priorities were: -

- 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.

3.19 The Plan has been monitored through two public forums:

- The Police Accountability Meetings (PAM) 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 (PCP) where the PCC's work is scrutinised by the Panel for delivery against the Police and Crime Plan.

The public can submit their questions to both the PAM and the PCP, and this aids transparency and community confidence in policing potentially and provides additional governance.

All these performance reports are published on the OPCCN website Meeting | Norfolk PCC (norfolk-pcc.gov.uk)

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

3.20 There is a co-ordinated process for strategic and medium-term financial planning (MTFP) that uses Outcome Based Budgeting (OBB) principles. The budget for 2021/2022 proposed by the PCC was based on an increase in the council tax (following consultation) of £14.94 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 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 and the PCC and OPCC Executive in order to ensure that the MTFP can finance the strategic aims of the Constabulary and the PCC.

3.22 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.

3.22 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.

3.23 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

3.24 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 (MoRiLE) 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. In 2021/22 the Control Strategy and overarching Strategic Assessment were also woven into the Norfolk Force Management Statement (FMS). 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.

3.25 Norfolk Constabulary also produce an annual force management statement (FMS), which is a self-assessment that chief constables prepare and give to HMICFRS each year. The FMS explains the demand the forces expect to face in the foreseeable future and assesses this against the constabulary's workforce (capacity, capability and security of supply) and the extent to which current force assets will be able to meet the expected future demand. The FMS also assesses how the constabulary will change to cope with future demand and the potential effect of any residual risk of service failure.

3.26 The Constabulary 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 such as drug offending (e.g. drug market profile), whilst also looking at organisational issues such as Engagement in Policing profile. 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. These strategic profiles are used to inform the overall Strategic Assessment and help operational decision making.

3.27 The Strategic Business and Operational Services (SBOS) department undertakes analysis, research, and improvement and evaluation activity across the Constabulary, covering strategic, operational, organisational and performance reporting. SBOS also leads on policy, corporate risk management, programme management, benefits identification and joint operational or organisational project work (including business analysis). Finally, SBOS also lead on compliance with the Home Office County Rules through a crime registry and audit function. 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 '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. During 2022 SBOS reorganised slightly establishing a new Organisational Analysis function integrating risk management, benefits and the Force Management Statement (FMS). This new team will undertake quarterly reviews of the FMS that is produced annually, providing constant updates to aid decision making, along with providing an ability to assist project managers in identifying trackable benefits from their delivery. This new team will allow for future FMS provision and an ability to assist project managers in identifying trackable benefits from their delivery.

3.28 The SBOS 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 & rescue service, county council, youth offending team, and trading standards) in order to better understand performance in the context of shared demand.

3.29 SBOS is also one of the founding partners of the Norfolk Office of Data Analytics (NODA). NODA brings together local authority and police data to help inform ‘whole system’ analysis on high priority areas. NODA has developed during 2021/22 allowing the provision of its own dedicated if small analytical capability which has been utilised by the Constabulary. NODA played a key role in data provision during the COVID19 pandemic throughout 2021/22, linking data from different county services to help build a picture of the situation in a dynamic and joined up way, helping identification of the most vulnerable through multiple partnership datasets and working with the University of East Anglia on world class predictive forecasting of infection rates. The SBOS 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 data requirements from HMICFRS. SBOS also provide 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.

3.30 Norfolk and Suffolk Constabularies have continued to develop the Leading With CARE, Leadership Development Programmes for supervisors, middle and senior leaders, both officers and staff which are in the form of pathways for development, hosted and tracked on our learning management system. These pathways contain operational, management and leadership development and online content from the College of Policing. The pathways use the Performance Development Review (PDR) conversations throughout and incorporate other development tools such as 360-degree feedback, reflective practice, a shadowing scheme, mentoring and coaching (including trained and/or qualified to ILM level 5). Within the mentor pool there is a group officers and staff with a particular interest in supporting the development of officers and staff from underrepresented groups.

3.31 Leadership apprenticeships are offered for police staff to replicate the qualifications offered to officers via the NPPF. Coaching skills for all managers and reverse mentoring is also part of our strategy to develop a coaching culture of leadership in the Constabularies. The development pathways have been complemented by CPD workshops to help embed the CARE behaviours (Connectivity, Accountability, Risk Competence and Energy) in the workplace. The officer promotion processes in both

Constabularies use the CARE leadership behaviours for selection. A new operational skills pre-promotion course has been developed for aspiring Sergeants to ensure they develop the knowledge and skills they need, in a timely way, before they are placed into their first Acting Sergeant role.

3.32 The Learning Management System (LMS), “The Best I Can Be”, continues to expand with a greatly increasing amount of operational, personal and leadership content hosted on it. With the expansion, the LMS site has been re-designed and will be re-launched in May to improve customers experience allowing them to locate exactly what they need more easily. A number of new products have been developed including a dedicated tile to support the roll-out of the Modern Workplace Programme, an Onboarding package, which can be accessed by new-starters before they join and which provides a ‘one-stop shop’ for all Constabulary information a new starter needs in their induction period. In addition, a multimedia, fully interactive work experience programme for schools has been introduced which has been awarded the prize for Innovation by the National Learning Network and has also been nominated for the prestigious Tilley Awards in Policing. This package has the potential to make a significant contribution in attracting young people to Policing. Flexible blended learning technology will continue to develop in sophistication and grow apace, allowing access to learning 24/7, so increasing inclusion and continuing to reduce abstraction, travel and venue costs.

3.33 The Constabularies have designed and launched an electronic PDR process which makes the form more accessible, automatically links to the individual, their manager and senior managers and enables management reporting across the organisation to help drive performance improvement, succession planning, talent and career development. The launch of the new ePDR is supported by a dedicated site on our LMS which includes drop in surgery dates, a User Guide and a series of instructional videos explaining how to navigate the form. In terms of Governance, the People Board will continue the development, standardisation and monitoring the effectiveness of PDR via the management information generated.

3.34 Our Apprenticeship Programme is embedded well with the aim of providing training for officers and staff in emerging, hard to recruit or retain skills and to upskill our staff for 21 Century Policing. Managers are now fully engaged with the concept and are identifying opportunities for upskilling staff and for recruiting new people who have potential to develop, particularly in new skill areas. We currently have 71 live Apprenticeships across 13 different Apprenticeship Standards ranging from Level 3 (A level) to Level 7 (Master’s) including leadership and management, intelligence and data analysts, digital and technical solutions, improvement practitioner and procurement. Both constabularies first Police Constable Degree Apprenticeships, the PCDA, will start in June, working with our higher education partner, Anglia Ruskin University.

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

3.35 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.

3.36 Due to the introduction of the PCC's new Police, Crime and Community Safety Plan the Strategic Risk Registers (SRR) have been revised to map to the new priorities contained within the plan. The revised versions of the SRR will be presented to the Audit Committee in September.

3.37 The Crime Registry and Audit functions for Suffolk and Norfolk, which are part of 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.

3.38 In 2019 Her Majesty's Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) conducted a Crime Date Integrity Inspection which found an estimated 8700 crimes had been under reported. As a result, the force was graded as Requiring Improvement in this area. This created 6 Areas for Improvement (AFI) and 3 recommendations allocated to the force. Whilst the inspectorate identified outstanding leadership in this area of business, they found that staff did not understand the increasingly complex crime recording rules.

3.39 A Crime Data Integrity meeting chaired by the Assistant Chief Constable was established and precept funding was used to recruit a Crime Data Integrity Quality Assurance Team (CDIQAT) team to ensure all incidents are correctly recorded on notification to police, as they come to the control room. HMICFRS re-inspected the force in 2022 and removed the AFIs and recommendations as a result of the CDI compliance evidenced. Internal Crime Data Integrity audits show recent compliance rates of 96% which if graded would be expected to be either Good or Outstanding.

3.40 Even with the additional flexibility available to the PCC for precept increase in 2022/23; over the medium term, efficiencies will continue to be identified so that operational demand and cost pressures can be met. By the 31 March 2022 some £40m of annually recurring savings will have been found. Over the MTFP period to 2025/26 a further £2.9m has been identified. Reserves are forecast to reduce from £17.7m at 31 March 2022 to £12.0m by 31 March 2026 and these levels remain within the acceptable range defined in the Reserves Strategy of the PCC.

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

3.41 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.

3.42 The OPCCN continued to receive an annual award for meeting its statutory requirements on openness and transparency. The OPCC Transparency Quality Mark was previously issued by CoPaCC and assessed compliance with the Specified Information Order for Elected Local Policing Bodies. The OPCCN received a 'highly commended' award for the first time in 2020-21. Following on from this last award CoPaCC announced they would no longer be conducting their assessment process. The OPCCN has now planned an internal audit to ensure continued compliance in this area for 2021/22 which will include the additional requirements set out in the amended Specified Information Order published in May 2021 which was a recommendation from the governments PCC Stage One review. From 2023, OPCCN has arranged for the Norfolk Independent Advisory Group (IAG) to take on the role of independent assessment to ensure the OPCCN maintains compliance with the Specified Information Order and work is currently underway on developing policies and procedures for this new process.

3.43 The Audit Committee has overseen the full programme of internal and external audit activity. See paras 4.20 to 4.22.

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 able 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.

4.6 The contract with TIAA ended on 30 June 2021. A tender exercise was undertaken. However, this did not result in a successful award. TIAA have been reappointed until 30 June 2022. This did involve a short break in service and a revised audit plan for the year covering the main risk areas. This did not impact on the ability for the Head of Internal Audit to give an opinion as described below.

4.7 A fresh procurement exercise was undertaken and the result is that…(tbc as will be public domain in time for draft accounts).

4.8 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.

4.9 The overall opinion for 2021/22 from the Head of Internal Audit is shown below:

"**Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.

TIAA is satisfied that, for the areas reviewed during the year, for the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary effective risk management, control and governance processes are in place.

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 ability to meet financial obligations which must be obtained by the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary from its various sources of assurance."

External Audit and Other External Review Bodies

4.11 The external auditor (Ernst and Young LLP), was re-appointed by Public Sector Auditor Appointments in 2017). 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 2020/21 Statement of Accounts in November 2021 together with an unqualified value for money conclusion. The External Auditor's Annual Audit Letter was issued in December 2021, and it did not identify any matters to be addressed.

4.12 There is a new PSAA procurement process underway, and an announcement will be made in autumn 2022 as to who the external auditor will be for the PCC and Chief Constable for the period beyond 2022/23.

4.13 The Constabulary is subject to continuous inspection by Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS). The latest Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection was published in May 2019 and the overarching question sets at that time are 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?

4.14 In the PEEL report of 2019, the force achieved the gradings 'Good' for Effectiveness, 'Outstanding' for Efficiency and 'Good' for Legitimacy. The force was congratulated on how it keeps people safe and reduces crime. However, it was graded as requires improvement for Investigating Crime. As with Crime Data Integrity, there has been further investment in this area with additional senior officer lead oversight, a focus on training and supporting officers to improve in this area.

4.15 HMICFRS have announced a revised inspection framework for the 2021/22 PEEL Inspection, with each force now being assessed against 12 question sets with PEEL woven though each one. It should be noted that Norfolk will have 8 gradings in the final PEEL report as 3 will be assessed as a thematic inspection and 1 will include a Victim Service Assessment (VSA). This predominately looks at quality of service provided to victims from point of contact to outcome with a narrative assessment outcome. The HMICFRS have also announced an additional fifth grade to the assessment grading used at present. The grading of "Adequate" is the new tier and will be positioned between Requires Improvement and Good.

4.16 HMICFRS are due to publish the 2021/22 Norfolk PEEL report in September 2022, with a number of forces having already had their PEEL reports published with the new framework already. Norfolk Constabulary continue to show good progress on national thematic inspections and all force recommendations, including those on Violence against Woman and Girls (VAWG).

4.17 Regarding data protection, data breaches continue to be reported to the relevant areas. Each breach is investigated, and appropriate action is taken to contain and manage the risk. The Deputy Chief Constables of Norfolk and Suffolk are the Senior Information Risk Officers (SIRO) and are involved in reviewing the high-risk data breaches that are considered for referral to the Information Commissioners Office. Norfolk and Suffolk Constabularies made 5 referrals (2 Norfolk, 3 Suffolk) in financial year 2021/22 (compared to 10 in the previous year). None of these have resulted in formal action from the ICO although 2 are currently still under review (1 for Norfolk, 1 for Suffolk). Words of advice and further training in data protection is provided as a consequence of every breach.

4.18 The Chief Executive of the OPCCN is the Data Controller for that organisation and manages data breaches of which there have been none for the OPCCN during 2021-22.

Police and Crime Panel

4.19 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

4.20 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 Committee members have continued to receive briefings and training through the year.

5. Significant Governance Issues

5.1 In 2020/21, one internal audit had received 'Limited Assurance':

- **Seized monies** – The result of the audit concluded with one urgent, six important and two operational recommendations. A follow up audit in March/April 2022 concluded that five recommendations had been implemented, one recommendation was not yet due, and one was overdue and a revised date for implementation had been requested was considered appropriate and approved.

5.2 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. The recommendations from the above limited assurance audit will be included in this follow up process.

5.3 There was a need to re procure the internal audit service for Norfolk and Suffolk. (Tbc further words to add here when in public domain…).

5.4 The timings of external audits have slipped in recent years due to pressure on resources in the audit firm, and this has put additional pressure on a small but effective constabulary finance team. There is reputational risk with not having audited accounts published on the PCC / CC websites by the statutory deadline of 30 November 2022. This date will be missed as the auditors cannot undertake their audit until after that date. There will be an explanation on the website to help members of the public understand why publication will be after the statutory deadline. The deadline for future years will be 30 September of each respective year, and this may further increase the risk of not meeting publication dates from an external audit resource perspective.

Impact of Covid 19

5.5 As a result of the Covid-19 pandemic the Constabulary established a dedicated command model to focus on our response to the disease. This command structure was set up in collaboration with Suffolk Constabulary and enabled a consistent approach to our activity both in each force and across the extensive range of collaborated services.

5.6 This structure initially operated a Gold-Silver-Bronze model with Gold Command operating across both forces, and a Silver Commander nominated in each force. However, at the tail end of 2021, the silver role was amalgamated, and one Silver Commander was appointed for the two forces. A Strategic Gold plan was written which was implemented by the Silver at an operational, tactical level. A review of the command structure took place as the infection rates started to reduce and alignment with business-as-usual activity commenced. Whilst the existing dedicated command structure was officially and formally stood down from 10th June 2022, the retention of the Gold and Silver commanders will ensure oversight of the local and national position and will ensure a mechanism to facilitate the dissemination of information across both organisations from Op Talla (the national policing response) and other Government departments when and as required.

5.7 The Constabulary governance model has remained in place throughout the whole year, 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 and the continued use of virtual meetings has allowed appropriate governance arrangements to be delivered as normal 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 Microsoft Teams.

5.8 Moving into the new financial year there has been a move to some governance meetings returning to be on force premises, and a mixed approach for others with some attendance in physical meeting rooms, with other attendees at other force premises, or working from home and attending virtually. This is likely to be a model that continues going forward as the force embeds its new Modern Workplace Programme with one of the key principles being "Our work takes place at the most effective locations and at the most effective times".

5.9 As a result of the Covid-19 pandemic the OPCCN established a strategic model to focus on our response to the disease and the opportunity to work in a different way moving forward; whilst ensuring that the Police and Crime Commissioner (PCC) continued to maintain effective governance to fulfil the statutory role and support the wider sector through commissioning of services.

5.10 The strategy confirmed how the core functions of the Office of the Police and Crime Commissioner (OPCC) can be maintained and, in some cases, developed, to continue to perform effectively in a changing environment. The extension of agile working ensured people were equipped with appropriate technology to enable them to work from home and this continues to a lesser extent currently. Owing to the changes which have taken place across the county other changes have resulted for the OPCCN. Many meetings with agencies that work with victims are now conducted in other ways, such as via phone or via Teams and this has been more efficient and effective in terms of costs and time. However, some face to face meetings are being put into diaries following the removal of restrictions and suitable risk assessments.

5.11 Hybrid working is now considered to normal practice within the organisation and plans are being drawn up to redesign office spaces to reflect the change. Virtual governance practices have been developed so that the PCC is still able to hold the Chief Constable to account and these practices have continued during the period of the accounts.

5.12 In addition, during this year, 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 The OPCCN has proactively, sought, bid for and were successful with a variety of national funds to bring financial support to the county and these are set out in the table below:

Fund	District	FY2021/22
Home Office - Safer Street Fund 3	All	£383,099
Home Office - New IDVA funding	Breckland, Kings Lynn, North Norfolk, 1xVA all	£173,258
Home Office - Sexual Violence Fund	All	£97,353
Home Office - Provision of SV/DA Uplift	SV - All, DA-Broadland, Gt Yarmouth, Norwich, South Norfolk	
National Probation Service	Norwich	£17,500
Public Heath (Pathway Out)	All	£30,000
DWP (Pathway Out)	All	£35,000
Public Heath (Wonder +)	All	£67,250
TOTAL		**£974,873**

Crime Recording

5.13 As outlined in the main body of the report HMICFRS re-inspected the force in 2022 and removed the areas for improvement and recommendations as a result of the CDI compliance evidenced. Internal Crime Data Integrity audits show recent compliance rates of 96% which if graded would be expected to be either Good or Outstanding.

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.

Signed

Police and Crime Commissioner for Norfolk

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:

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.

Audit Committee
Forward Work Plan

5 July 2022

Committee briefing **4 July 2022**	Single tender register & 7 Force Procurement/ Draft Statements of Accounts 2021/22
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting **12 April 2022**	
Actions from previous meeting	Action Log
Internal Audit 2021/22 Final Progress Report (including any outstanding reports from 2021/22) 2021/22 Annual Report	Reports from Head of Internal Audit (TIAA)
External Audit 2021/22 Audit Plan	Report from Director, E&Y
Accounting Policies	Update from CFO/ACO
Annual Governance Statement	Report from CFO
Forward Work Plan	Report from CFO
Fraud - Part 2 private agenda	Report from CFO & ACO
Strategic Risk Register Update – Part 2 private agenda	Report from Chief Exec and CC

11 October 2022

Committee Briefing 10 October	Risk appetite /VFM/Benchmarking/ Force Management Statement
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting **5 July 2021**	
Actions from previous meeting	Action Log
Internal Audit 2022/23 Summary of Internal Control	Reports from Head of Internal Audit

Corporate Governance Framework	Report from CFO
Annual Governance Statement	Report from CFO
Audit Committee Effectiveness (Skills)	Report from CFO
Forward Work Plan	Report from CFO
Fraud - Part 2 private agenda	Report from CFO
Strategic Risk Register update– Part 2 private agenda	Report from Chief Exec and CC

24 January 2023

Committee briefing 23 January 2023	Sustainability
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting **11 October 2022**	
Actions from previous meeting	Action Log
Internal Audit 2021/22 Progress update and follow up report	Report from Head of Internal Audit
External Audit 2020/21 Accounts Annual Audit Report	Reports from Director, E&Y
Treasury Management 2021/22 Half Year Update 2022/23 Strategy (draft)	Report from CFO
Forward Work Plan	Report from CFO
Fraud update – Part 2 private agenda	
Strategic Risk Register Update – Part 2 private agenda	Report from Chief Exec and CC

14 March 2023

Welcome and Apologies	
Declarations of Interest	
Minutes of meeting **23 January 2023**	
Actions from previous meeting	Action Log
Final Accounts 2020/21 Approval including External Auditor's Audit Results Report	Reports from CFO and E&Y
Forward Work Plan	Report from CFO
Fraud - Part 2 private agenda	Report from CFO

17 April 2022

Briefing 18 April	
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting **14 March 2023**	
Actions from previous meeting	Action Log

Internal Audit 2021/22Progress Report and Follow Up Review 2022/23 Internal Audit Plan (Draft)	Reports from Head of Internal Audit
Forward Work Plan	Report from CFO
Audit Committee Annual report	Report from Chair and CFO
Part 2 Private Agenda	
Fraud Update – Part 2 private agenda	
Strategic Risk Register update – Part 2 private agenda	Report from Chief Exec and CC

Note:-

1. An Audit Skills questionnaire will be sent out in September 2022

2. A private meeting with Audit Committee members and Internal and External Audit leads will take place in January 2023

Report Author
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