

## AUDIT COMMITTEE

**Tuesday 11<sup>th</sup> October 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](mailto: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 **5 July 2022** Page 4
4. Review and update the Action Log Page 9

- 5. Internal Audit 2022/23 Summary of Internal Control - Report from Head of Internal Audit Page 13
- 6. External Audit Plan – Report from EY Page 38
- 7. Report on Audit Committee Effectiveness (Skills) – Report from CFO Page 81
- 8. Forward Work Plan – Report from CFO Page 84

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**Part 2 – Private Agenda**

- 9. Fraud update – Report from CFO
- 10. Strategic Risk Register Update – Verbal Update from Chief Exec and CC
- 11. AOB

Date of Next Meeting

**Tuesday 24<sup>th</sup> January 2023 at 14.00hrs - Venue TBC**

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**Enquiries to:**

OPCCN

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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](mailto: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](mailto: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](mailto:opccn@norfolk.police.uk)

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



**NORFOLK**  
CONSTABULARY  
*Our Priority is You*

## **Audit Committee Meeting**

**Tuesday 5 July 2022**  
**14:00 hours**  
**Via Microsoft Teams**

### **MINUTES**

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

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

#### **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 Mark Stokes, Chief Executive OPCC, Mark Hodgson EY, Vicky Chong EY and Peter Hargrave 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 to enable this to be kept up to date on the website.

### **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 and the Chair will now sign these as an accurate record of the meeting.

### **4.0 Action Log**

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

#### **4.2 Fire Safety**

**Action 74:** Following on from the update at action 073, the Chair asked for the CFO to arrange for a brief from the Health and Safety manager at the next available briefing session and there will also be an update from TIAA in the follow up report.

#### **4.3 Internal Audit**

The ACO confirmed that following a robust process that TIAA have been awarded the contract. The Chair offered congratulations to F Dodimead and C Lavery.

**Action 75:** The ACO and CFO to meet with F Dodimead and C Lavery to discuss any opportunities to change processes for the better. TIAA will also be looking at the numbers of days across Norfolk and Suffolk to keep within the budget.

### **5.0 Internal Audit – Progress Report**

- 5.1 F Dodimead advised that three final reports have been issued since the last meeting: Shared Service Transaction Centre, Pension Administration and Key Financials, with one reasonable assurance and two substantial assurances.

- 5.2 A Bennett raised question in relation to dealing with invoices by the AR team, the fact that management have accepted the risk and no recommendation was raised. P Jasper advised that the issue is in relation to how the system is set up and not what staff actually do, i.e., duties are separated out within the team.

**Action 76:** TIAA to arrange for a recommendation to be included within the Key Financials report with a management view on the risks of dealing with invoices in the AR team to enable the Committee to consider and comment.

### 5.3 Infernal Audit – Follow Up Report

5.4 C Lavery advised that there are five outstanding recommendations. The Chair noted that there are a number of these recommendations with revised dates and asked for comment from the ACO and TIAA on the reasonableness of the request to revise the implementation date. C Lavery advised that TIAA are satisfied that good progress is being made with all the recommendations but not fully satisfied to enable the recommendations to be closed down. The ACO advised that good work has been taking place between TIAA and the PMO to ensure that recommendations are progressed and guidance has been issued in relation to how staff should deal with these recommendations.

5.5 There is an outstanding recommendation in respect of succession planning. The ACO advised that succession planning does take place across the constabulary but there is no formal organisational policy currently in place. E-PDR is now live and this will assist with succession planning.

**Action 77:** The ACO and TIAA to discuss outside of the meeting the clarity of this recommendation.

5.6 The Chair raised a question in relation to the Seized Monies report in that when this was discussed at the April meeting there were two recommendations outstanding, one was overdue and one was not yet due. C Lavery advised that both of these have now been completed and good progress has been made.

### 5.7 Annual Head of Internal Audit Opinion

5.8 C Lavery advised that the overall annual Head of Internal Audit opinion was positive. This indicates that good controls are in place.

5.9 J Hills asked a question in relation to the two limited assurances reports that were mentioned from last year. C Lavery advised that they were also taken into consideration because they were reported in this financial year. The Chair also advised that he felt that there had been three limited assurance reports since April 2021 and that some additional clarity may be needed in the wording to aid the reader.

**Action 78:** C Lavery to amend the wording on page 32 to give more clarity in relation to the limited assurances reports that were included from last year.

5.10 The ACO confirmed that this opinion will also be included within the Annual Governance Statement.

5.11 C Lavery advised that the HR reports have been delayed due to the appointment of the new Director of People and these will now be reported at the next audit committee meeting.

### 6.0 Accounting Policies for the Statement of Accounts 2021/22

- 6.1 A meeting had taken place with the Committee, ACO and Ivan Fearn, Head of Financial Accounting and Specialist Functions, who explained the main features of the accounts. The ACO advised that the full draft accounts have now been circulated, and they now await sign off by the CFOs. The statutory publication of the draft accounts is before the end of July and this deadline will be met. The accounting policies have been included within the set of accounts and it was noted that there are no material changes from last year.
- 6.2 **Action 79:** The Chair asked for the Committee to direct any further questions or queries in relation to the accounts to the ACO and the PCC CFO.

## 7.0 Draft Annual Governance Statement

- 7.1 The CFO advised that the Corporate Governance Working Group have been working through a number of drafts of this document. It is still a live document and will remain a live document until the accounts are signed.
- 7.2 The document, this time, includes an update in relation to leadership changes, that have occurred throughout the year.
- 7.3 J Hills informed the Committee that she felt it is going to be a challenge to separate out this year's AGS from that of next year, given the long sign off period of the 2021/22 accounts caused by resourcing issues of the external auditor.
- 7.4 J Hills had also raised that another member of the committee should be on the group next year as she has sat on the Working Group for a number of years.
- 7.5 **Action 80:** A Matthews raised an issue with the inconsistent numbering within the report and the CFO to arrange for the numbering to be amended.

**Action 81:** It was agreed that the section 'Significant Governance Issues', could include the fact that there were no limited assurance reports for 2021/22 but that the Corporate Governance Working Group was making sure that any limited assurance reports received in 2020/21 were resolved. The CFO to arrange for the AGS to be amended to include these details.

- 7.6 The Committee has today fed back with comments and thoughts but will need to keep this document under review in the future. The CFO confirmed that all amendments recorded today in the minutes would be completed and then asked the Committee for any further comments to be fed to her as appropriate. The final sign off should be in March 2023 due to the extended audit schedule as a result of resourcing challenges for the external auditors.
- 7.7 The ACO advised that the two references within the AGS in relation to the internal audit contract will now be amended prior to publication to include the details that TIAA have now been awarded with the contract.

## 8.0 Forward Work Plan

- 8.1 The CFO advised that the plan has now been updated and there is now an audit committee meeting arranged for 14 March. The aim is that EY will be able to make that timetable and come to the meeting with an audit results' letter. It was noted that the date in March is an additional meeting alongside all the other meeting dates for 2023.
- 8.2 J Hills raised the issue of the non-attendance of EY at this meeting and asked what the reason was for this. The CFO had asked EY for the audit plan, but it was not yet ready. The CFO had also asked if EY were going to attend and they advised that as they did not have any matters on the agenda they would not be attending. It is hoped that EY will be bringing the audit plan to the next meeting in October. The Chair reiterated that the Committee was due to receive the plan today from EY as this was detailed on the forward plan and emphasised the need for this to be presented at the October meeting as January will be too late.

**Action 82:** The CFO to amend the forward plan to include the audit plan on the October meeting.





**Audit Committee**  
**Public – Part 1**

**Action Log**

Action Number	Meeting Date	Actions and update	Owner	Status
<b>New Actions: 12 April 2022</b>				
071	12.4.22	<p><b>Seized Monies</b></p> <p><b>Action:</b> C Lavery to supply to the Audit Committee data in relation to seized monies volumes and length of time being held.</p> <p><b>Update 5.7.22</b> C Lavery asked for more clarity on what was required, and A Bennett advised that she would like information about the overall amount of money and how well it is controlled and managed. C Lavery to circulate data after the meeting showing a summary of monies seized and held. P Jasper also advised that there are delays currently with cases going to court due to issues within the criminal justice system and this in turn is causing delays with seized monies.</p>	TIAA	Live

072	12.4.22	<b>Target Dates for Draft Reports</b> <b>Action:</b> 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	Action closed 5 July 2022.
		<b>Update 5.7.22</b> TIAA have discussed target dates with the Programme Management Office and this has been working well. There is also a 10-day target date for responses. It was agreed that this action can now be closed		
073	12.4.22	<b>Fire Safety</b> <b>Action:</b> 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. <b>Update 5.7.22</b> P Jasper has discussed with both the DCC and the Health and Safety team. Joint Health and Safety meetings take place quarterly and these are chaired by the Head of People. Progress has been good overall and any outstanding issues have been raised at the Joint Chief Officer Team meeting. Training and upskilling of those responsible persons on site will continue. The appointment of a new Fire Safety officer is now in progress and this will continue to improve fire safety on all sites. Further update at next meeting.	P Jasper/TIAA	Live
New Actions: 5 July				
074	5.7.22	<b>Fire Safety</b> <b>Action:</b> Following on from the update at action 073, the Chair asked for the CFO to arrange for a brief from the Health and Safety manager at the next available briefing session and there will also be an update from TIAA in the follow up report.	J Penn/TIAA	Live

075	5.7.22	<p><b>Internal Audit</b> The ACO confirmed that following a robust process that TIAA have been awarded the contract. The Chair offered congratulations to F Dodimead and C Lavery. <b>Action:</b> The ACO and CFO to meet with F Dodimead and C Lavery to discuss any opportunities to change processes for the better. TIAA will also be looking at the numbers of days across Norfolk and Suffolk to keep within the budget.</p>	P Jasper/J Penn/TIAA	Live
076	5.7.22	<p><b>Internal Audit – Progress Report</b> <b>Action:</b> TIAA to arrange for a recommendation to be included within the Key Financials report with a management view on the risks of dealing with invoices in the AR team to enable the Committee to consider and comment.</p>	TIAA	Live
077	5.7.22	<p><b>Succession Planning Recommendation</b> <b>Action:</b> The ACO and TIAA to discuss outside of the meeting the clarity of this recommendation.</p>	P Jasper/TIAA	Live
078	5.7.22	<p><b>Annual Head of Internal Audit Opinion</b> <b>Action:</b> C Lavery to amend the wording on page 32 to give more clarity in relation to the limited assurances reports that were included from last year.</p>	TIAA	Live
079	5.7.22	<p><b>Draft Accounts</b> <b>Action:</b> The Chair asked for the Committee to direct any questions/comments in relation to the accounts to the ACO and the CFO.</p>	All	Live
080	5.7.22	<p><b>Draft Annual Governance Statement</b> <b>Action:</b> A Matthews raised an issue with the inconsistent numbering within the report and the CFO to arrange for the numbering to be amended.</p>	J Penn	Live

081	5.7.22	<b>Draft Annual Governance Statement</b> <b>Action:</b> It was agreed that the section 'Significant Governance Issues', could include the fact that there were no limited assurance reports for 2021/22 but that the Corporate Governance Working Group was making sure that any limited assurance reports received in 2020/21 were resolved. The CFO to arrange for the AGS to be amended to include these details.	J Penn	Live
082	5.7.22	<b>Audit Plan</b> <b>Action:</b> The CFO to update the forward plan to include the audit plan on the October meeting.	J Penn	Live



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

Summary Internal Controls Assurance (SICA) Report

**2022/23**

September 2022

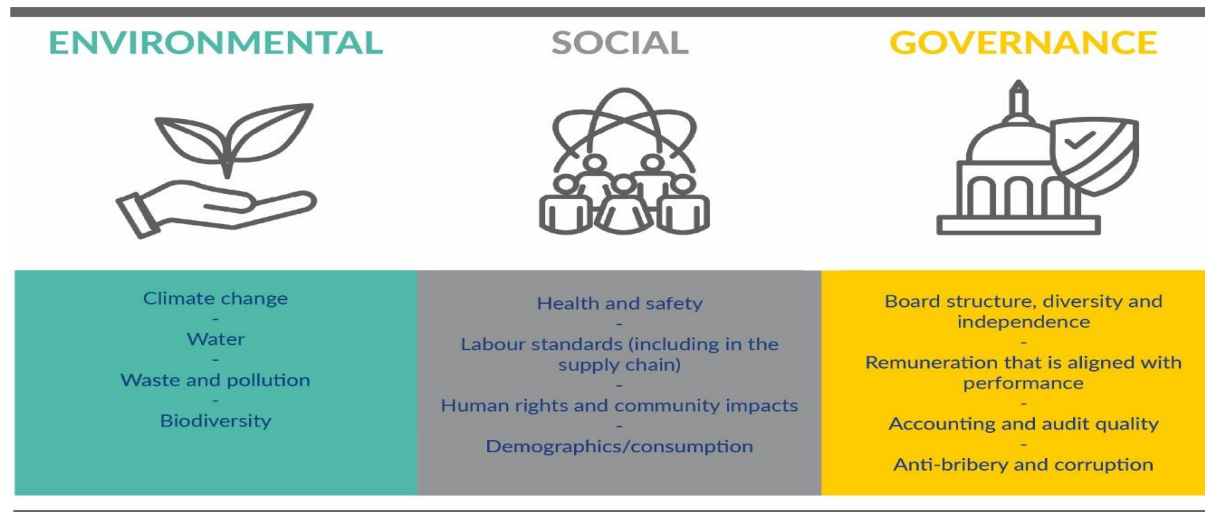
# Summary Internal Controls Assurance

## 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 26<sup>th</sup> September 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*

Review	Evaluation	Number of Recommendations			
		1	2	3	OEM
Workplace Health	Reasonable	-	4	6	-
Complaints	Substantial	-	3	4	2

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.

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## 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
Workplace Health	Reasonable
Complaints	Reasonable

## Executive Summary – Workplace Health

**OVERALL ASSESSMENT**



**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Failure to sustain an adequate and engaged workforce.

**SCOPE**

The aim of the audit was to review the adequacy, effectiveness and efficiency of the workplace health system to establish if it is working effectively.

**KEY STRATEGIC FINDINGS**

- The move towards automating processes for the management of staff referrals and surveillance programmes is progressing but current vacancies have led to some delays.
- Key Performance Indicators should be introduced to help demonstrate the achievement of the department's objectives set out in the draft Workplace Health, Safety and Well-Being Strategy.
- A review of the data available identified that there is some housekeeping to do to ensure that the information on the system is up to date and accurate, and to take advantage of the reports available within the system.
- Updates in relation to the department's action plan and risk register are needed to demonstrate management's control over current priorities and resources.

**GOOD PRACTICE IDENTIFIED**

- The OPAS-G2 system includes appropriate controls to ensure that consent is received before reports can be issued.
- Testing of appointments found that there is appropriate sign off by the nurse or Force Medical Director.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	4	6	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)
3	Directed	Access to the OPAS-G2 system is limited to managers and Workplace Health department staff members. From discussion with the Workplace Health, Safety and Wellbeing (WHSW) Project Support Officer, controls to remove staff's access to the OPAS-G2 system automatically following leaver notification was thought to be in place, however a further check by the Project Support Officer found this not to be the case.	Weekly checks on leavers from the HR system, and OPAS-G2 user access be made to ensure that all leavers' access to OPAS-G2 is removed.	2	<i>This was a process that was originally thought to be part of the data import from OPAS. We are now working with HR Management Information team to obtain leaver information so this can be updated and form part of our leaver process. We will also work with Civica to explore if this is an automated process in the future.</i>	01/09/22 for new process to be implemented  01/11/22 for backlog of current leavers to be processed	WHSW Project Officer
4	Directed	The department has an action plan which is split between the different Sections within Workplace Health, Safety and Wellbeing. This appears to be out of date and many of the actions are for review in February 2022.	The action plan for the department be updated, with renewed target dates for each action.	2	Agreed.	19/09/22	Nurse Manager H&S Manager Wellbeing Manager

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Directed	The department are in the process of transferring a number of records (held in spreadsheets) and surveillance programme procedures to the new system. One of the surveillance programmes is the Authorised Firearm Officers (AFOs), who are required to have a full medical every six years to ensure that they maintain their Firearm Certificate. Similar, work is being undertaken on insulin dependent drivers. At the time of the audit while there is an up to date (spreadsheet list), the member of staff inputting AFOs was unsure they had the current version for input.	A plan to populate the OPAS – G2 system with surveillance programme be put in place and completed. For the Authorised Firearm Officers, a check should be made against the Firearm Training Unit’s system ‘Chronicle’ to ensure the department has the most up to date list of firearm officers.	2	Agreed.	01/10/2022	WPH Nurse Manager in conjunction with WPH Technician
10	Delivery	The People Board oversees the performance of HR departments including the Workplace Health, Safety and Wellbeing department. Performance reports for the last three meetings were provided which showed Workplace Health activity in respect of recruitment and management referrals. It was noted that there are no key performance indicators to set standards for delivery of the service and track workplace health improvements.	Key Performance Indicators be introduced to the department for monitoring and reporting adverse variances and trends to the People Board, along with reasons and actions to address shortfalls in performance.	2	Agreed.	01/10/2022	Head of WHSW


Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Wellbeing, Health and Safety Strategy is currently in draft. This is presented in three parts: the overarching departmental strategy, and two sections covering Wellbeing and Health & Safety. From discussion with Interim Head of Workplace Health, Safety and Wellbeing, the draft strategy needs to be reviewed and amended to ensure that it is a consistent format and style.	The draft Workplace Health Strategy be amended as necessary, and presented to the People Board for approval.	3	Completed.	01/09/2022	Head of WHSW
2	Directed	The department has a number of written procedures and protocol documents to help guide managers and staff when staff experience health issues which need addressing. It was noted that two of the procedures were either incomplete or needed a review and update (Cancer Guide for Managers, and Drug and Alcohol Protocol, respectively).	The written procedures for Cancer Guide for Managers and the Drug and Alcohol Protocol be reviewed, updated as necessary and approved. A system also be put in place to ensure the timely review and approval of procedures within the department.	3	<p><i>The Cancer Guide was replaced by the Macmillan Cancer and Work guides that are sent out to managers and colleagues as required.</i></p> <p><i>The department does have a review process for policies and procedures; due to staffing issues this hasn't been kept up to date, however this can now be rectified as staffing has improved.</i></p> <p><i>The Drug and Alcohol policy should be under the ownership of Professional Standards with an input on process from Workplace Health. Following discussions with PSD, they are still waiting for national guidance to be released before the local policy can be written.</i></p>	<p>N/A</p> <p>01/11/22</p>	<p>N/A</p> <p>WHSW Project Officer</p> <p>Head of PSD</p>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Directed	Workplace Health risks are included within the HR department's risk register. These include: the use of manual files and potential lack of compliance with GDPR; Covid-19 related risks and Nurse capacity. Mitigations state that these are being managed. Actions being taken to mitigate these risks and their current risk levels are in need of review.	The risks associated with the Workplace Health, Safety and Well-being be updated to reflect improvements made in respect of manual files.	3	<i>Agreed.</i>	01/10/22	<i>Head of WHSW</i>
7	Directed	As well as 'live' status screens showing the number of management referrals, the OPAS-G2 system has a number of reports that the department can use to identify and follow up delays. It was noted from a download of management referral data, that there were 36 records that were stated as 'Pending'. There was also three records that were stated as 'Awaiting Review'. None of these had a name associated with these records. Department staff did not know what the status of these records meant.	The developers of the OPAS-G2 system be contacted to understand why records have a status of 'Pending' and 'Awaiting Review' status records and action taken to either update or close the records as appropriate.	3	<i>Developers have been contacted in relation to this and we are awaiting an update at our regular meetings.</i>	06/09/22	<i>WHSW Project Officer</i>
8	Directed	The department provides a Trauma Risk Management (TRiM) service. The Project Support Officer maintains a TRiM co-ordination spreadsheet where names of staff, and dates of Trauma incidents and the date the allocated practitioner are notified via Whatsapp. It was noted that there are several gaps in meeting dates within the spreadsheet.	The TRiM spreadsheet be updated to ascertain if risk assessment meetings took place, or to understand reasons why, if not.	3	<i>Two additional staff now in post who will be working through this as part of their weekly tasks.</i>	05/09/22	<i>Wellbeing Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
9	Directed	It was noted from the management referrals data download, that there were 44 records with referrals dating back more than three months, and in some cases, to April 2021, with status denoted as 'OH - Initial Consultation' (which means that these are waiting for the initial consultation). Five of the oldest cases were investigated as to why they were still open. It was found that two records had no further information on them, and three where consent was requested but never provided by the employee. In accordance with a recent instruction from the Senior Nurse, these should have been closed.	All long standing 'Awaiting Consultation' records be reviewed and closed as necessary. In addition, where relevant, the department should consider surveying managers and staff to find out why either no further information or consent was provided, and why workplace health advice was no longer needed.	3	<p><i>Backlog of awaiting consultation records are being reviewed and will be completed.</i></p> <p><i>Moving forward, new processes should eliminate this issue as cases will be automatically closed.</i></p> <p><i>We will build in an automated email to the closing process so that we gather feedback as to why the case is no longer required.</i></p>	<p>01/11/22</p> <p>01/11/22</p> <p>01/09/22</p>	<p>WHSW Project Officer</p> <p>WH Nurse Manager</p> <p>WHSW Project Officer</p>

## Executive Summary - Complaints

**OVERALL ASSESSMENT**







**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

Failure to deliver a good and safe service to the public and / or victims



**SCOPE**

The audit reviewed controls in place to ensure that complaints are investigated accordingly as per legislation.

**KEY STRATEGIC FINDINGS**

-  The Constabularies' Public Complaints Policy follows the latest Independent Office for Police Complaints (IOPC) guidance. A recommendation has been made to include how the Constabularies should react to an anonymous complaint.
-  Both Constabularies have shown a decrease in the number of complaints recorded for 2021/22 compared to the previous year (20% decrease for Norfolk and an 8% decrease for Suffolk)
-  The systems and processes for complaints have controls and assurance mechanisms in place to ensure that required processes and standards are met. Current vacancies have meant timeliness of processes are less than desired.
-  Some data quality issues were identified during the course of the audit which have been addressed.

**GOOD PRACTICE IDENTIFIED**

-  The Professional Standards Department routinely publicises lesson learnt from public complaints.
-  The Department have intervention officers to address and resolve public complaints at the earliest opportunity.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	3	4	2



## 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)
5	Directed	<p>A review of complaints data found that in 34 cases, the time between a complaint being received and recorded was over seven days, with a maximum difference being 100 days.</p> <p>Following a review of the exceptions highlighted by Internal Audit by the Complaints Management Unit (CMU), it was established that a number of the delays were for valid reasons, for example where additional information was needed, however, it was noted on 11 occasions there were delays in the Professional Standards Department (PSD) being notified by the area. In addition it was found that there were errors with the dates input (see recommendation 4).</p>	A reminder be sent to all relevant area staff to ensure that complaint forms are sent to PSD without delay.	2	<p>Accepted, reminder will be included in Learning Times for timely submission of PSD1 to CMU/PSD.</p> <p>Data errors addressed at recommendation 4.</p>	31/12/22	Sgt – Service Improvement Team (SIT)
6	Directed	<p>If Complainants are not satisfied with the outcome of their complaints, they can appeal to their appropriate Office for Police and Crime Commissioner (OPCC) who will review the decision made. If the OPCC agree with the complainant, they will notify PSD who will allocate and look to address.</p> <p>The PSD has 29 days to take action and write to the complainant. A test was undertaken on a sample of 14 cases where the OPCC made recommendations, to ensure that action had been undertaken within the 29 day timescale. The results were that two responses were not responded within the timescale, and were delayed due to administrative error or oversight.</p>	A reminder be input to the Centurion system so that all appeal recommendations are addressed and signed off within the 29 day timescale.	2	<i>Accepted. Delays in appeals authorisation were due to unavailability of Appropriate Authority (AA). Lack of AA will be raised with SMT so that this can be addressed.</i>	31/12/22	Senior Complaints, Appeals & Policy Manager

PRIORITY GRADINGS

**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.

**3 ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Directed	<p>During testing of the complaints appeal process, a systemic issue had been identified by the Complaints Manager where changes made to the outcome (from Service Acceptable to Service Unacceptable) over writes the original decision, and therefore the audit trail is lost.</p> <p>The storage of the original data would enable a useful management report to be produced to show the number of outcomes that have been changed following the appeal process (or for any other reason).</p>	The developers of the Centurion system be requested to include an audit trail for outcome decisions which have been changed.	2	Accepted, the CMU Supervisor believes that this information can be transferred to a progress entry. Enquiries to be undertaken with FIS to identify how this information can be retrieved.	31/12/22	CMU Supervisor
1	Directed	It was noted that there is nothing within the Complaints policy which states how the complaint is to be treated if it is anonymous. The Complaints Manager stated that as the policy is formulated on the guidance provided by the Independent Office for Police Complaints (IOPC), this will need to be taken back to them for consideration.	A recommendation be made to the IOPC to provide standard guidance on the process and policy to be adopted if the complainant is anonymous.	3	Accepted, this Issue will be raised with the Oversight Liaison for consideration, as there is nothing in the guidance which covers this.	31/01/23	Complaints Manager
2	Directed	<p>The CMU maintain an assessment sheet to record all complaints received and the outcome of the initial assessment.</p> <p>Assessment sheets for the period 1st January 2022 and 26th May 2022 were provided for the audit, there were 1,106 allegations made. The different sources of the complaints are shown in Tab 'Assessment Nos' with the majority of them being through ForceWeb. There were some minor omissions within the spreadsheet in that one complaint received did not have the name of the person logging the complaint (assessment</p>	The assessment sheet be independently reviewed periodically and staff be reminded to complete all details.	3	<p>Accepted, regular audits will be undertaken of data held on spreadsheet.</p> <p>Also, a reminder will be issued to staff about importance of data quality.</p>	31/12/22	CMU Supervisor

PRIORITY GRADINGS

**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.

**3 ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		no.747) and there were 22 complaints where there was no 'Force' stated.					
3	Directed	<p>A check of access to the Centurion system found that there was one member of staff listed that was not within the PSD organisational structure chart, and one member of PSD staff who was not on the Centurion access list.</p> <p>Following discussion with the Complaints Manager, it was established that both members of staff were current members of PSD and therefore require access to the Centurion system.</p>	Access to the Centurion system be amended so that all members of PSD have access and the PSD structure chart be updated to ensure that it includes all PSD members.	3	<p>Accepted, the PSD structure chart to be assigned to the Service Improvement Unit to maintain.</p> <p>Going forward the PSD staff Access list for centurion to be subject to regular review and will be maintained by CMU Supervisor.</p>	31/12/22	Sgt – Service Improvement Team and CMU Supervisor
4	Directed	<p>Data Quality checks are undertaken via various processes, such as the QA review on closure of complaints undertaken by area officers; through the OPCC dip sample checks, and when quarterly reports are run for performance reports.</p> <p>It was noted from one of the complaints data reports provided as part of the audit, the date the complaint was received was before the date the complaint was made in six cases. Further date input errors were identified in respect of some of the 34 exceptions (highlighted in recommendation 5 above). It is acknowledged that all of these cases are current 'live' cases and have therefore as yet no been subjected to a quality check.</p> <p>The Complaints Manager stated that the specific errors identified have been corrected.</p>	A periodic check be made to highlight and amend any obvious date errors within the Centurion system. This could either be with 'Live' records or following closure.	3	<p>Accepted, the cases that were reviewed and the anomaly with the dates, where the logging and recorded dates pre-dated the complaint made date were typos. These typos have now been amended and updated.</p> <p>Processes are complex and can involve an initial triage and/or engagement by area and multiple complaints received from the same individual on multiple dates by different methods, it can be difficult to determine what dates should be entered on the system. The team try to be ethical data recording and this can sometimes throw up anomalies, such as those flagged.</p>	31/01/23	CMU Supervisor

PRIORITY GRADINGS

**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.

**3 ROUTINE** Control issue on which action should be taken.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<p>The cases flagged were all still live. They are subject to review as part of the closure process and any anomalies addressed.</p> <p>The guidance for logging and recording dates on centurion have been circulated to all CMU staff as a reminder (19/07/2022)</p> <p>Additional training to be provided to CMU staff on logging cases and file closure, to include quality assurance of data recorded going forward.</p>		

PRIORITY GRADINGS

**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.

**3 ROUTINE** Control issue on which action should be taken.

## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	There is a suite of written procedures and process flow charts for complaints. There is also a list of all the documents and version numbers. It would be useful if the date of the version numbers was included in the list so that it can be seen at a glance if there are any particularly old processes that might need review.	Management consider adding a date column to the list of procedure documents to highlight out of date procedures.	This will be actioned. Our procedures include version control and I will ensure that dates are also added to the documents.
2	Delivery	Comprehensive PSD Performance Data Reports are produced Quarterly. The Quarterly Reports include data and graphs to show trends; analysis of reasons for the complaint and levels of seriousness; timeliness of complaints; and outcomes. It was noted that whilst the report includes timeliness of recording complaints after a complaint has been made, there is no target Key Performance Indicator (KPI) for achieving this; i.e. in percentage terms.	To consider including a desired percentage for achieving the target of recording complaints within two days after it has been made.	The SLT will consider this, we don't currently have a target set by the IOPC.

## Progress against Annual Plan

Appendix B

### 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	Draft report stage	It was requested by management that the audit was moved until 2022/23.

Absence Management, with limited duties	4	Draft report stage	It was requested by management that the audit was moved until 2022/23.
PEQF	4	Draft report stage	It was requested by management that the audit was moved until 2022/23.

### 2022/23 Plan

System	Planned Quarter	Current Status	Comments
Complaints	1	Final Report	
Workplace Health	1	Final Report	
Safeguarding	1	Draft Report	
Whistleblowing	2	Fieldwork commenced	
Use of Social Media	2	Fieldwork commenced	
Cyber Security	2	Fieldwork commenced	
Overtime and Additional Allowances	2	Planned start date agreed	Moved to Q4 at the request of management
Local procurement compliance including waivers	2	Planned start date agreed	Moved to Q4 at the request of management
Vetting	3	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	Audit moved to the 2022/23 year at the request of management. Planned start date agreed for audit,
Commissioners Grants	4	Planned start date agreed	
Risk Management	4	Planned start date agreed	
Key Financials	4	Planned start date agreed	
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	Audit moved to the 2022/23 year at the request of management. Planned start date agreed for audit,

**KEY:**

To be commenced	Site work commenced	Draft report issued	Final report issued
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## Internal Audit 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	<i>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.</i>	31/03/22	30/09/22, 31/03/23	Records Manager	<b>Update received 9<sup>th</sup> June</b>  <i>The delay in implementing the recommendation is due to the recommendation needing to be implemented at regional level, and requires support from other forces.</i>
Recruitment	A recruiting of police officer policy be produced and made accessible.	2	<i>The production of this policy remains a key priority, but the key dependencies (the introduction of PEQF and the OLEEO E-Recruitment System) remain outstanding. The Implementation Date therefore takes these into account.</i>	30/06/22	30/04/23	Head of Resourcing	<b>Update 26<sup>th</sup> September</b>  <i>Work on production of a recruiting police officer policy has been paused. The Constabularies are implementing a new recruitment system. The OLEEO project has only just commenced so currently in the process of defining what everything will look like when launched. Anticipated time for launch is not until late summer, the policy will be written after the OLEEO project is completed. The policy will need to go out for consultation and is scheduled to go to the March JNCC meeting. To enable</i>

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
							<p><i>policy to undergo all necessary requirements.</i></p> <p><i>A revised due date of the 30/04/23 has been requested for the recommendation.</i></p>
Recruitment	The recruiting of police staff policy be reviewed to ensure that it reflects current legislation.	2	<i>As stated within the finding, this has been delayed by the expected implementation of the new e-recruitment system. The review will take place as soon as implementation allows.</i>	30/06/22	30/04/23	Head of Resourcing	<p><b>Update 26<sup>th</sup> September</b></p> <p><i>Work on production of a recruiting police officer policy has been paused. The Constabularies are implementing a new recruitment system. The OLEEO project has only just commenced so currently in the process of defining what everything will look like when launched. Anticipated time for launch is not until late summer, the policy will be written after the OLEEO project is completed. A revised due date has been requested. With the new e-recruitment system coming in, the policy will be written to reflect these requirements.</i></p> <p><i>A revised due date has been requested of the 30/04/23.</i></p>
Vetting	MV clearances be reviewed on an annual basis, in accordance with the requirements of the APP.	2	<i>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 been granted, individuals holding MV clearance should be subjected to review at least twice during the validity of the clearance. Any MV conducted in</i>	01/04/21	31/01/22 & 30/06/22	Head of Vetting	<p><b>Update received 9<sup>th</sup> June</b></p> <p><i>The position has significantly improved since the last update. Outstanding applications have reduced from around 700 six months ago to a current 270, a 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</i></p>

Audit	Recommendation	Priority	Management Comments	Original Due Date	Revised Due Date (s)	Responsible Officer	Current status and latest update
			<p>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.</p>				<p>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.</p> <p><b>A revised due date has been requested for the recommendation</b></p>

**KEY:**

**Priority Gradings (1 & 2)**

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
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<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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## 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 Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
CBN-22012	Fail to reform, or get on the front foot?		<b>Action Required:</b> Audit Committees and Boards should be seeking assurance over their Speak Up arrangements in place, by testing the process, undertaking an organisation cultural and confidence check, to establish the temperature across their Trust to flag issues and raise confidence across the workforce in speaking up.
CBN-22023	UK Government reveals new Data Protection rules		<b>Action Required: For Information Only</b> Audit Committees and Boards / Governing Bodies are advised to familiarise themselves with the response document in line with current Data Protection practices Link: <a href="#">Data: A New Direction</a>
CBN-22026	Rise in Environmental, Social and Governance and supply chain fraud		<b>For Information Only:</b> Audit Committees and Boards / Governing Bodies are advised to note the outcome of the survey Link: <a href="https://www.pwc.com/fraudsurvey">https://www.pwc.com/fraudsurvey</a>
CBN-22028	Evaluation of NHS procurement spending during the pandemic – a summary of post event assurance activity		<b>Action Required: For Information Only</b> This Client Briefing Note provides a summary of the NHS Counter Fraud Authority (NHSCFA) report issued on 15th August 2022: An evaluation of NHS procurement spending during the COVID-19 pandemic – A report on post event assurance activity. Audit Committees and Boards to note the summarised findings from the NHSCFA PEA report.

CBN Ref	Subject	Status	TIAA Comments
CBN-22029	Evaluation of NHS procurement spending during the pandemic - recommendations and action plan		<p>This Client Briefing Note outlines the recommendations made in the NHS Counter Fraud Authority (NHSCFA) report issued on 15th August 2022: An evaluation of NHS procurement spending during the COVID-19 pandemic – A report on post event assurance activity and a counter fraud action plan.</p> <p><b>Action Required:</b> Not Urgent - ACS to update FRA to assess organisation’s procedures against recommended practice. Remedial actions for identified gaps.</p>
CBN-22030	Government Response – Consultation on extending National Fraud Initiative data matching to new purposes		<p><b>Action Required: No action required</b></p> <p>For information only to Audit Committees and Boards/Governing Bodies.</p>

**Police and Crime Commissioner for Norfolk /  
Chief Constable for Norfolk Constabulary**

**Provisional Audit Plan**

Year ended 31 March 2022

12 September 2022

**AUDIT  
COMMITTEE  
11 OCTOBER 2022  
AGENDA ITEM 6**



Police and Crime Commissioner and Chief Constable for Norfolk Police

Jubilee House  
Falconers Chase  
Wymondham  
Norfolk  
NR18 0WW

12 September 2022

Dear Giles and Paul,

We are pleased to attach our provisional Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Joint Independent Audit Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Police and Crime Commissioner (PCC) and Chief Constable (CC), and outlines our planned audit strategy in response to those risks. Our planning procedures remain ongoing, we will inform management and the Committee if there are any significant changes to the audit risks and strategy included in this plan arising from our completed risk assessment procedures.

This report is intended solely for the information and use of the PCC, CC, Joint Independent Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 11 October 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

*Mark Hodgson*

Mark Hodgson, Associate Partner

For and on behalf of Ernst & Young LLP

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Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Joint Independent Audit Committee and management of Norfolk Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Independent Audit Committee, and management of Norfolk Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Independent Audit Committee and management of Norfolk Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





01

# Overview of our 2021/22 audit strategy



## Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Police and Crime Commissioner (PCC) and Chief Constable (CC) with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error - management override of controls (Group/PCC/CC)	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Risk of fraud in revenue and expenditure recognition - specifically inappropriate capitalisation of revenue expenditure (Group/PCC)	Fraud risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. For Norfolk Police, we consider that the risk could specifically manifest itself in the inappropriate capitalisation of revenue expenditure, given the extent of the capital programme.
Valuation of Property, Plant and Equipment (PPE) (Group / PCC)	Inherent Risk	No change in risk or focus	The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Group and PCC's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet.
Valuation of Pension Liability (LGPS and Police Pension Scheme) (Group/PCC/CC)	Inherent Risk	No change in risk or focus	The estimation of the defined benefit obligation is sensitive to a range of assumptions including rates of pay and pension inflation, mortality and discount rates. The pension fund valuations separately involve external specialist to provide these actuarial assumptions. A small movement in these assumptions could have a material impact on the value in the balance sheet.

## Overview of our 2021/22 audit strategy (continued)

Risk / area of focus	Risk identified	Change from PY	Details
Accounting for Private Finance Initiative (PFI) schemes (Group/PCC)	Inherent Risk	No change in risk or focus	The PCC and CC disclose two PFI contracts within their financial statements for the use of Jubilee House, Operations and Communication Centre at Wymondham and the use of six Police Investigation Centres shared with the Police and Crime Commissioner of Suffolk. The liability and payments for services are dependent upon assumptions within the accounting models underpinning both PFI schemes. As such Management is required to apply estimation techniques to support the disclosures within the financial statements.
Going Concern disclosure (Group/PCC/CC)	Area of Audit Focus	Reduction in risk from Inherent Risk to Area of Audit focus	ISA 570 has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospect of entities which collapsed shortly after. In addition, the unpredictability of the current economic environment and the volatility of the market due to the ongoing impact of Covid as well as the Ukraine-Russia conflict also gives rise to a risk that Norfolk Police may not appropriately disclose the impact of these issues on their going concern assessment. The disclosure should be underpinned by the management's assessment based on the Norfolk Police's actual year end financial position for the going concern period of 12 months from the auditor's report date.

## Overview of our 2021/22 audit strategy (continued)

### Materiality

Group	CC	PCC
Planning materiality £6.080m	Planning materiality £5.625m	Planning materiality £2.838m
Performance materiality £4.560m	Performance materiality £4.218m	Performance materiality £2.128m
Audit differences £0.304m	Audit differences £0.281m	Audit differences £0.142m

The materiality for Group and CC has been set at £6.080 million and £5.625 million respectively, using 2% of the gross expenditure on provisions of services as disclosed in the 2021/22 draft accounts. The materiality for PCC has been set at £2.838 million, using 2% of the assets as disclosed in the 2021/22 draft accounts.

Performance materiality has been set at 75% of materiality for the Group, CC and PCC.

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement and police pension fund financial statements) greater than £0.281 million for CC and £0.142 million for PCC. Other misstatements identified will be communicated to the extent that they merit the attention of the PCC and CC.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures - we will agree all disclosures back to source data. We will report any differences above £5K as these are the bandings used in the disclosure.
- Related party transactions - we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.
- Audit fees - we will agree these to the PSAA scale fees and any agreed variations and report any differences above £1K.

# Overview of our 2021/22 audit strategy (continued)

## Audit scope

This Provisional Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of the PCC and CC for Norfolk Police give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the PCC's and CC's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards. When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the PCC and CC.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of the PCC and the CC for Norfolk Police's audit, we will discuss these with management as to the impact on the scale fee.

### Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements. We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

## Overview of our 2021/22 audit strategy (continued)

### Value for money conclusion

We include details in Section 03 but in summary:

- ▶ We are required to consider whether the PCC and CC has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the PCC's and CC's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will provide a commentary on the PCC's and CC's arrangements against three reporting criteria:
  - ▶ Financial sustainability - How the PCC and CC plans and manages its resources to ensure it can continue to deliver its services;
  - ▶ Governance - How the PCC and CC ensures that it makes informed decisions and properly manages its risks; and
  - ▶ Improving economy, efficiency and effectiveness - How the PCC and CC uses information about its costs and performance to improve the way it manages and delivers its services.
- ▶ The commentary on VFM arrangements will be included in the Auditor's Annual Report.

### Timeline

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November 2022 for 2021/22.

We are working with the PCC and CC to deliver the audit. In Section 07 we include a provisional timeline for the audit.



# 02 Audit risks



## Our response to significant risks (continued)

<p><b>Misstatements due to fraud or error *</b></p> <p><b>Group/PCC/CC</b></p>	<p><b>What is the risk?</b></p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p><b>What will we do?</b></p> <p>In order to address this risk we will carry out a range of procedures including:</p> <ul style="list-style-type: none"><li>▶ Identify what specific fraud risks exist during audit planning.</li><li>▶ inquire of management about risks of fraud and the controls put in place to address those risks.</li><li>▶ Understand the oversight given by those charged with governance of management's processes over fraud.</li><li>▶ Consider the effectiveness of management's controls designed to address the risk of fraud.</li><li>▶ Perform mandatory procedures regardless of specifically identified fraud risks, including tests of journal entries and other adjustments in the preparation of the financial statements.</li><li>▶ Review accounting estimates for evidence of management bias;</li><li>▶ Evaluate the business rationale for significant unusual transactions.</li></ul>
<p><b>Financial statement impact</b></p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p>		



## Audit risks

### Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

**Risk of fraud in revenue and expenditure recognition \* - specifically in inappropriate capitalisation of revenue expenditure**  
Group/PCC

#### Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could understate expenditure in the CIES and overstate PPE additions.

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For the Group and PCC single entity, we consider that the risk could specifically manifest itself in the inappropriate capitalisation of revenue expenditure i.e. not recognising expenditure in the Comprehensive Income and Expenditure Statement (CIES) and financing the spend from capital.

This risk has been associated to the following testing areas:

- Balance Sheet - Property, Plant and Equipment - Additions (Group and PCC)
- Comprehensive Income and Expenditure Statement (Group and PCC)

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Obtaining an analysis of capital additions in the year, reconciling to the Fixed Assets Register (FAR), and reviewing the description to identify whether there are any potential items that could be revenue in nature;
- ▶ Sample test additions to property, plant and equipment to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; and
- ▶ Use our data analytics tool to identify and test journal entries that moved expenditure into capital codes. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

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

##### **Valuation of Property, Plant and Equipment (Inherent Risk - Group/PCC)**

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

The PCC will engage an external expert valuer who will apply a number of complex assumptions to these assets. Annually assets are assessed to identify whether there is any indication of impairment.

As the PCC's asset base is significant (£101.543 million), and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ consider the work performed by the external valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ sample test key asset information used by the valuer in performing their valuation;
- ▶ consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ test accounting entries have been correctly processed in the financial statements.

## Audit risks

### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

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

##### **Valuation of Pension Liability - Local Government Pension scheme (LGPS) and Police Pension Scheme (Inherent Risk - Group/PCC/CC)**

The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council. The PCC must also do similar in respect of the Police Pension Scheme.

The Group and CC pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets of the PCC and CC. At 31 March 2022 this totalled £2.411 million (PY was £2.885 million) and £2,032.705 million (PY was £2,029.071 million).

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

##### **Private Finance Initiative (PFI) (Inherent Risk - Group/PCC)**

The PCC and CC disclose two PFI contracts within their financial statements for the use of Jubilee House, Operations and Communications Centre (OCC) and the use of six Police Investigation Centres (PIC) shared with the Police and Crime Commissioner for Suffolk. At 31 March 2022, the PFI liability associated with the OCC and PIC were £23.373 million (PY was £23.994 million) and £31.848 million (PY was £32.609 million) respectively.

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

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Norfolk Police Force;
- ▶ assess the work of the LGPS Pension Fund actuary (Hymans Robertson) and the Police Pension actuary (GAD) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the NAO for all Local Auditors, and considering any relevant reviews by the EY actuarial team;
- ▶ evaluate the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's actuarial model; and
- ▶ review and test the accounting entries and disclosures made within the Group and CC financial statements in relation to IAS19, including any updates to the value of year end assets.

In order to address this risk we will carry out a range of procedures including:

- ▶ enquire whether there have been any significant changes within the model since our review;
- ▶ undertake a review and assessing the impact of any changes in assumptions upon the model; and
- ▶ agree the models to the disclosures within the financial statements

## Audit risks

### Other areas of audit focus (continued)

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

##### **Going Concern disclosure (Area of Audit Focus - Group/PCC/CC)**

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 states that organisations can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

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

In addition, the unpredictability of the current economic environment and the volatility of the market due to the ongoing impact of Covid as well as the Ukraine-Russia conflict also gives rise to a risk that Norfolk Police may not appropriately disclose the impact of these issues on their going concern assessment. The disclosure should be underpinned by the management's assessment based on the Norfolk Police's actual year end financial position for the going concern period of 12 months from the auditor's report date.

#### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ challenging management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ challenging management's assessment of going concern, including the cashflow forecast covering the foreseeable future and its impact on liquidity;
- ▶ undertaking a stand back review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ reviewing the disclosure made in the accounts in respect of going concern to ensure adequacy.



03

# Value for Money Risks





# Value for Money

## PCC/CC responsibilities for value for money

The PCC/CC is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

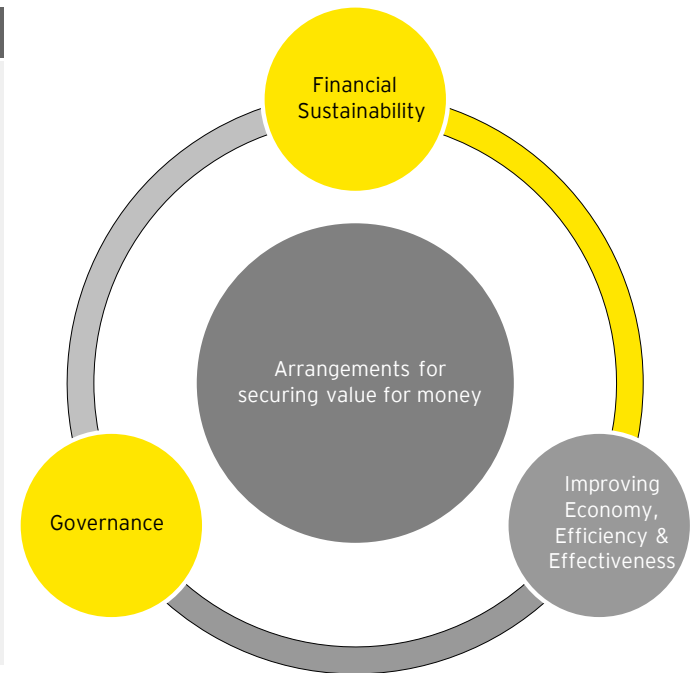
As part of the material published with the financial statements, the PCC/CC is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the PCC/CC tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor responsibilities under the new Code

Under the NAO Code of Audit Practice we are required to consider whether the PCC/CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the PCC/CC a commentary against specified reporting criteria (see below) on the arrangements the PCC/CC has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the PCC/CC plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the PCC/CC ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the PCC/CC uses information about its costs and performance to improve the way it manages and delivers its services.





## Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the PCC/CC's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the PCC/CC's arrangements, we are required to consider:

- ▶ The PCC/CC's governance statement;
- ▶ Evidence that the PCC/CC's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the PCC/CC to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the PCC/CC's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or
- ▶ Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the PCC/CC;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the PCC/CC's reported performance;
- ▶ Whether the issue has been identified by the PCC/CC's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the PCC/CC has had to respond to the issue.



# Value for Money

## Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Joint Independent Audit Committee.

## Reporting on VFM

Where we are not satisfied that the PCC/CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the PCC/CC's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM risk planning. However, one area of focus will be on the arrangements that the PCC/CC has in place in relation to financial sustainability - including the impact of Covid-19 on the medium term financial planning.

We will provide an update on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements at a future Joint Independent Audit Committee meeting.





04

## Audit materiality



# Audit materiality

## Materiality

For planning purposes, materiality for 2021/22 has been set out at £5.625 million and £2.838 million for CC and PCC respectively. The Group materiality is set at £6.080 million.

	Group	CC	PCC
Materiality basis	2% of the gross expenditure on provisions of services	2% of the gross expenditure on provisions of services	2% of the assets
Planning materiality	£6.080 million	£5.625 million	£2.838 million
Performance materiality	£4.560 million	£4.218 million	£2.128 million
Audit differences	£0.304 million	£0.281 million	£0.142 million

Materiality will be reassessed throughout the audit process.

We have provided supplemental information about audit materiality in Appendix C.

We request that the PCC and CC confirm their understanding of, and agreement to, these materiality and reporting levels.

## Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at 75% of planning materiality, which is consistent with the prior year.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and the police pension fund financial statements that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of Joint Independent Audit Committee, or are important from a qualitative perspective.

**Specific materiality** - We can set a lower materiality for specific accounts disclosure e.g. remuneration disclosures, related party transactions and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.

# Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- Remuneration disclosures - we will agree all disclosures back to source data. We will report any differences above £5K as these are the bandings use in the disclosure.
- Related party transactions - we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.
- Audit fees - we will agree these to the PSAA scale fees and any agreed variations and report any differences above £1K.



05

## Scope of our audit



## Our Audit Process and Strategy

### Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

##### Our opinion on the financial statements:

- ▶ whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and
- ▶ whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

##### Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements; and
- ▶ where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

##### Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the PCC/CC has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

## Our Audit Process and Strategy (continued)

### Audit Process Overview

#### Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

#### Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Joint Independent Audit Committee.

#### Internal audit:

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.



06

## Audit team



## Audit team

### Audit team

The engagement team continues to be led by Mark Hodgson, who is supported by Vicky Chong, who is responsible for the day-to-day direction of audit work and is key point of contact for the finance team. The day-to-day audit team will be led by Tyler Gohegan, who has replaced Nichola Vella as the Lead Senior of the audit.

### Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where specialists are expected to provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	We will consider any valuation aspects that may require EY valuation specialists to review any material specialist assets and the underlying assumptions used by the PCC's valuer, NPS.
Pensions disclosure	EY Pensions Advisory, PwC (Consulting Actuary to the National Audit Office) who will review the work of Hymans Robertson, the actuaries to the Norfolk County Council Pension Fund, and the Government Actuary's Department (GAD) for the Police Pension Scheme.

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the PCC/CC's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



# Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.

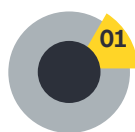


Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

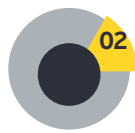
1. Our people are focused on a **common purpose**. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
  - ▶ **Right resources** – We team with competent people, investing in audit technology, methodology and support
  - ▶ **Right first time** – Our teams execute and review their work, consulting where required to meet the required standard
  - ▶ **Right reward** – We align our reward and recognition to reinforce the right behaviours

### 3. The six pillars of Sustainable Audit Quality are implemented.



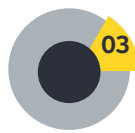
#### Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



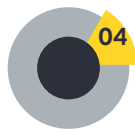
#### Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



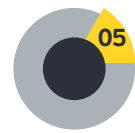
#### Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



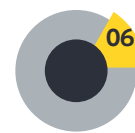
#### Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



#### Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



#### Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are **encouraged and empowered to challenge and exercise professional scepticism** across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

#### 2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

#### We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

*“A series of company collapses linked to unhealthy cultures....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”*

Sir John Thompson  
Chief Executive of the FRC



# 07 Audit timeline





## Audit timeline

# Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the PCC and CC and we will discuss them with the PCC and CC and senior management as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes	July - September 2022	Joint Independent Audit Committee	Provisional Audit Plan
Walkthrough of key systems and processes	August - September 2022		
Year end audit	November - January 2022		
Year end audit: Audit Completion procedures	January 2023	Joint Independent Audit Committee	Audit Results Report Audit opinion and completion certificate
	February - April 2023		Auditor's Annual Report



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# Independence



# Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (EY) including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit/additional services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</li> <li>▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner</li> <li>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</li> <li>▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

# Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

## Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit Engagement Partner and the audit engagement team have not been compromised.

## Self interest threats

A self interest threat arises when EY has financial or other interests in the PCC and CC. Examples include where we have an investment in the PCC and CC; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. We do not plan to perform any non-audit work. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

## Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

## Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the PCC and CC. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



## Other communications

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### **EY Transparency Report 2021**

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021: [https://www.ey.com/en\\_uk/about-us/transparency-report-2021](https://www.ey.com/en_uk/about-us/transparency-report-2021)



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# Appendices





## Appendix A

### Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Final Fee 2020/21
	£'s	£'s
Total Audit Fee - Code work	37,595	37,595
Estimated Scale Fee Variation (Note 1)	-	51,638
Recurring Baseline increase in Scale Fee from 2019/20 and 2020/21 (Note 2)	43,907	-
<b>Total audit</b>	<b>TBC</b>	<b>89,233</b>

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the PCC/CC; and
- The PCC/CC has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the PCC/CC in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

*All fees exclude VAT*

**Note 1** - Scale Fee Variation has been notified to management and submitted to PSAA Ltd which takes into account the recurring scale fee elements from 2019/20 and NAO Code of Practice requirements and additional risk procedures identified and completed during the course of the 2020/21 audit. This variation is now subject to PSAA Ltd determination.




**Note 2** - For 2021/22 the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and 2020/21 and is subject to determination by PSAA Ltd - subject to any further notified annual price uplifts.

For 2021/22, the scale fee will be impacted by a range of factors which will result in additional work, including those that were present in the prior year. See Section 2 of this report for further areas that are likely to lead to additional fees.

## Appendix B




# Required communications with Joint Independent Audit Committee

We have detailed the communications that we must provide to the Joint Independent Audit Committee.

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the PCC and CC of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	Provisional Audit Plan - September 2022
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - January 2023





## Appendix B

# Required communications with Joint Independent Audit Committee

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit Results Report - January 2023
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report - January 2023
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiries of the PCC and CC where appropriate regarding whether any subsequent events have occurred that might affect the financial statements</li> </ul>	Audit Results Report - January 2023
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the PCC and CC to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to the PCC's and CC's responsibility</li> </ul>	Audit Results Report - January 2023



## Appendix B

# Required communications with Joint Independent Audit Committee

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> <li>▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit Results Report - January 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	Provisional Audit Plan - September 2022 Audit Results Report - January 2023
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit Results Report - January 2023
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the PCC and CC into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the PCC and CC may be aware of</li> </ul>	Audit Results Report - January 2023

## Appendix B

# Required communications with Joint Independent Audit Committee

		Our Reporting to you
Required communications	 What is reported?	 When and where
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit Results Report - January 2023
Group audits	<ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul>	Provisional Audit Plan - September 2022 Audit Results Report - January 2023
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - January 2023
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - January 2023
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - January 2023 Auditor's Annual Report - February 2023
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Provisional Audit Plan - September 2022 Audit Results Report - January 2023 Auditor's Annual Report - February 2023
Value for Money	<ul style="list-style-type: none"> <li>▶ Risks of significant weakness identified in planning work</li> <li>▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.</li> </ul>	Provisional Audit Plan - September 2022 Audit Results Report - January 2023 Auditor's Annual Report - February 2023

## Additional audit information

### Objective of our audit

Our objective is to form an opinion on the Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Joint Independent Audit Committee. The audit does not relieve management or the Joint Independent Audit Committee of their responsibilities.

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Joint Independent Audit Committee reporting appropriately addresses matters communicated by us to the Joint Independent Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

## Additional audit information (continued)

### Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"><li>▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement.</li><li>▶ Examining and reporting on the consistency of consolidation schedules or returns with the PCC's and CC's audited financial statements for the relevant reporting period (WGA Return).</li></ul>
Other procedures	<ul style="list-style-type: none"><li>▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.</li></ul>

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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**ORIGINATOR:** Chief Finance Officer

**REASON FOR SUBMISSION:** To update and for Audit Committee to consider recommendations

**SUBMITTED TO:** AUDIT COMMITTEE

**SUBJECT:** Audit Committee Skills Review

**SUMMARY:**

To update the Committee after submission of Skills Audit Questionnaire completed by Committee Members.

**RECOMMENDATIONS:** To consider the recommendations below and adopt.

## Details of Report

### 1. INTRODUCTION

- 1.1 Audit committee members require training to help them undertake their role effectively. Where committee members have relevant specialist knowledge or experience, the training may need to focus on familiarisation with the organisation and the sector context and keeping up to date with new developments.
- 1.2 Members of the audit committee regularly undertake completion of a CIPFA based audit skills questionnaire to review if there are areas they wish to focus on.
- 1.3 The questionnaire highlights what briefings and training sessions would help them undertake their role.
- 1.4 An Audit Committee according to CIPFA is:

“a key component of corporate governance.

They provide a high-level focus on assurance and the organisation’s arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance. They play an important role supporting police and crime commissioners, chief constables, and local authorities.“

- 1.5 The Audit Committee skills audit is therefore an important part in the role of the Joint Audit committee.

### 2. OUTCOME OF QUESTIONNAIRE

- 2.1 The overall result of the questionnaire was the visibility of the range of skills, experience, and knowledge that the members bring to the Committee which enable them to undertake their role.
- 2.2 However, one or two areas were raised where members felt that either regular updates or briefings on certain topics would be useful for the role.
- 2.3 The informal briefings regularly given by the organisations have proved popular and beneficial and certain topics raised could come under this umbrella.
- 2.4 The areas raised were:

- Audit development and good practice
- Accounting updates each year
- Whistleblowing
- Fraud
- Governance

### **3. ACTION RECOMMENDED**

3.1 The suggestion of topics that could be covered on a regular basis in informal briefings are as follows:

- Accounting changes (see 3.2)
- Fraud

3.2 The financial management and accounting updates form part of the presentation regarding the draft annual accounts.

3.3 Whistleblowing was flagged as an issue and an audit in this area is being undertaken in 2022 and the result will be reported to the committee in the usual way.

3.4 The development of audit committees and good practice will come to the committee in a variety of forms such as CIPFA webinars and Internal and External audit newsletters. The CFO has ordered the latest edition of "Audit Committees: Practical Guidance for Local Authorities and Police (2022 Edition)".

### **4. CONCLUSION**

4.1 There is a good range of skills and experience amongst the committee, but regular updates and briefings will only assist in ensuring greater effectiveness.

4.2 Two experienced members of the committee are due to end their terms of office in 2023 and a training will need to be undertaken with their replacements to bring them up to speed with both corporation soles and the work of the audit committee.

### **5. RECOMMENDATION**

5.1 That the actions recommended are adopted.



## Audit Committee Forward Work Plan

### 11 October 2022

<b>Committee Briefing 10 October</b>	Workplace Health / Force Management Statement
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting <b>5 July 2022</b>	
Actions from previous meeting	Action Log
Internal Audit 2022/23 Summary of Internal Control	Reports from Head of Internal Audit
External Audit – Audit Plan	Report from External Auditors
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	Verbal Report from Chief Exec and CC

### 24 January 2023

<b>Committee briefing 23 January 2023</b>	Fire Safety/IT Project Management
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting <b>11 October 2022</b>	
Actions from previous meeting	Action Log
Internal Audit 2021/22 Progress update and follow up report	Report from Head of Internal Audit
Treasury Management 2021/22 Half Year Update 2022/23 Strategy (draft)	Report from CFO
Corporate Governance Framework	Report from CFO
Annual Governance Statement	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 <b>23 January 2023</b>	
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

### 18 April 2023

<b>Briefing 17 April</b>	Risk appetite/VM/Benchmarking/ Data Quality & SBOS(change management)
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting <b>14 March 2023</b>	
Actions from previous meeting	Action Log
Internal Audit 2021/22 Progress 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
<b>Part 2 Private Agenda</b>	
Fraud Update – Part 2 private agenda	
Strategic Risk Register update – Part 2 private agenda	Report from Chief Exec and CC

### 4 July 2023

<b>Committee briefing 3 July 2023</b>	Data Protection & GDPR/ Estates Strategy/ Draft Accounts
Welcome and Apologies	
Declarations of Interest	
Minutes of meeting <b>18 April 2023</b>	
Actions from previous meeting	Action Log
Internal Audit 2021/22 Final Progress Report (including any outstanding reports from 2021/22)	Reports from Head of Internal Audit (TIAA)

2021/22 Annual Report	
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

**Note:-**

1. An Audit Skills questionnaire will be sent out in September 2023
2. A private meeting with Audit Committee members and Internal and External Audit leads will take place in January 2023

**Report Author**

Jill Penn

Chief Finance Officer - OPCCN