



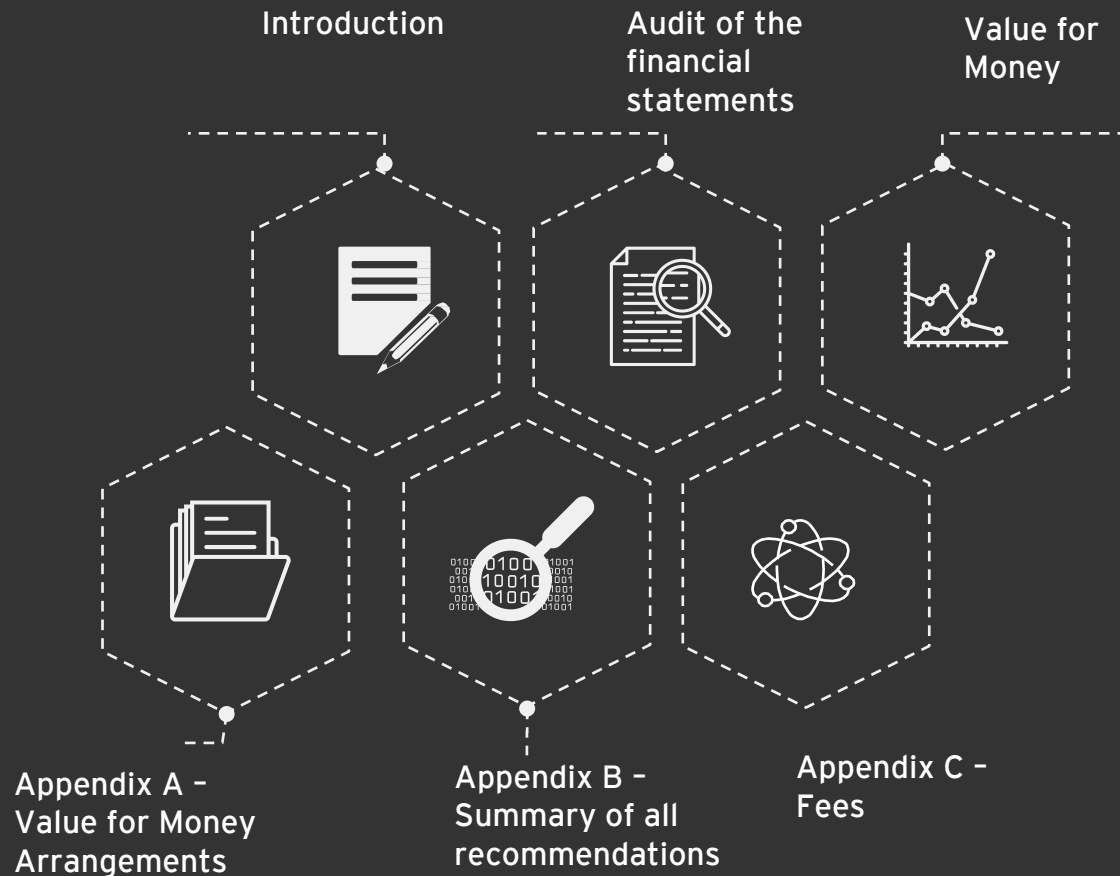
**Police and Crime Commissioner
for Norfolk / Chief Constable of
Norfolk Constabulary**

Auditor's Annual Report

Year ended 31 March 2022

7 May 2024

Contents



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/audit-quality/statement-of-responsibilities/>). 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 April 2018)" issued by the PSAA 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 Chief Constable, Police & Crime Commissioner, Joint 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 Chief Constable, Police & Crime Commissioner, Joint 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 Chief Constable, Police & Crime Commissioner, Joint 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.



Introduction

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Police and Crime Commissioner for Norfolk (PCC) and Chief Constable of Norfolk Constabulary (CC), or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued in September 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Norfolk PCC/CC;
- If we identify a significant weakness in the Norfolk PCC/CC's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Norfolk Police

The PCC/CC is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2021/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Norfolk PCC/CC as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor’s report on 17 April 2024.
Going concern	We have concluded that the respective Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements was appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We identified a significant weakness in Norfolk PCC/CC’s arrangements for governance, in relation to a data breach within responses to Freedom of Information (FOI) requests that were provided in 2021 and 2022. We have included more detail within our VFM commentary.
Consistency of the annual governance statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Norfolk PCC/CC.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the NAO. As the Norfolk PCC/CC falls below the £2 billion threshold for review as per the NAO’s 2021/22 group instructions, we did not need to perform any procedures.
Certificate	We will issue our Audit Certificate alongside this Auditor’s Annual Report.



Audit of the financial statements

Key findings

The Narrative Statement and Statement of Accounts is an important tool for the Norfolk PCC/CC to show how it has used public money and how it can demonstrate its financial management and financial health.

On 17 April 2024, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the Joint Audit Committee on 24 January 2024 and provided our Final Audit Result Report on 16 April 2024. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk

Misstatements due to fraud or error

An ever present risk that management is in a unique position to commit 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.

Conclusion

Our work did not identify any material weaknesses in the design or operation of controls or evidence of material misstatements, whether due to fraud or error.
Our work did not identify any other transactions during our audit which appeared unusual or outside the Norfolk PCC/CC's normal course of business.

Inappropriate capitalisation of revenue expenditure

We have considered the key areas where management has material opportunity and incentive to override controls. We have identified the main area being inappropriate capitalisation of revenue expenditure.

Our work did not identify any material misstatements from inappropriate capitalisation of revenue expenditure.
Our work did not identify any material weaknesses in controls or evidence in material misstatement override in relation to capitalisation of revenue expenditure.
Our work did not identify any instances of inappropriate judgements being applied.

Areas of audit focus

Valuation of Property, Plant and Equipment (*inherent risk*)

The fair value of Property, Plant and Equipment (PPE) represents significant balances in the balance sheet of Norfolk PCC/CC. The valuation of PPE is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.

Conclusion

We have considered the work of Norfolk PCC/CC's external valuers including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. We sample tested key asset information used by the valuers in performing their valuation and considered the annual cycle of valuations to ensure that the assets have been valued in accordance with the Code for PPE.
We did not identify any misstatements and have no matters to report.



Audit of the financial statements

Areas of audit focus	Conclusion
<p>Pension liability - IAS19 (<i>inherent risk</i>)</p> <p>The Local Authority Accounting Code of Practice (the Code) and IAS19 require the Norfolk CC to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Norfolk PCC must also do similar in respect of the Police Pension Scheme.</p> <p>The Group and CC pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet of Norfolk PCC and CC. The information disclosed is based on the IAS 19 report issued to the Norfolk PCC and CC by the actuary to the Police Pension Scheme and Norfolk Pension Fund, respectively. Accounting for these schemes involve significant estimation and judgement and management engages an actuary to undertake the calculations on their behalf.</p>	<p>We reviewed the accounting entries and disclosures in the draft financial statements and assessed the work of the actuary. We have received IAS 19 assurances from the Norfolk Pension Fund auditor.</p> <p>Using our EY Pensions Specialist's model we have been able to independently reconcile our roll forward with the figures produced by the actuaries as at the disclosure date to a difference of less than 2% of the figure for the Local Government Pension Scheme liabilities and less than 1% for the Police Pension Scheme liabilities. The PCC and CC's pension liability fell within our tolerable range following relevant audit procedures, including the reasonableness check performed by our EY Pension Specialist.</p> <p>During the audit, Management has identified a difference of £2.054 million relating to the Pension Liability due to changes to the investment valuations at Norfolk Pension Fund. This has resulted in an overstatement of the Pension Liability by £2.054 million. The difference is a result of a timing difference between an estimate made by the Pension Fund Actuary, and information that has become available since the time of their initial report. Management correctly used the information provided within the original IAS 19 report within its draft financial statements.</p> <p>In addition, updated information became available following the completion of the Norfolk Pension Fund Triennial Valuation on LGPS. The difference was a result of an update to assumptions underpinning the triennial valuation and their consequential impact on the pension liability as at 31 March 2022. Both events resulted in an increase to the PCC's Pension Liability by £2.159 million.</p>
<p>Accounting for Private Finance Initiative (PFI) (<i>inherent risk</i>)</p> <p>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.</p> <p>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.</p>	<p>Our work did not identify any significant changes within the model since our last specialist review.</p> <p>Our work did not identify any changes in assumptions upon the model.</p> <p>We did not identify any misstatements and have no matters to report.</p>



Audit of the financial statements

Areas of audit focus

Going concern disclosure (*area of focus*)

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

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 PCC/CC 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.

Conclusion

We reviewed the Norfolk PCC/CC's going concern assessment and supporting documentation and following our work in this area we consider Management's assessment to be appropriate.

Management made some small changes to the disclosure note within the revised financial statements in respect of going concern.

We identified a significant weakness in the Norfolk PCC/CC's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Norfolk PCC/CC and the wider public.

We had a matter to report by exception within our audit report.

Scope

We are required to report on whether the Norfolk PCC/CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the Norfolk PCC/CC which was based on a combination of our cumulative audit knowledge and experience, our review of Norfolk PCC/CC's reports, meetings with officers and evaluation of associated documentation through our regular engagement with Norfolk PCC/CC's Management and the finance team.

Reporting

We completed our risk assessment procedures and identified a significant weakness in Norfolk PCC/CC's VFM arrangement, in relation to a data breach within responses to Freedom of Information (FOI) requests that were provided in 2021 and 2022. This incident resulted in Norfolk Police failing to meet the legislative and regulatory requirements.

Our detailed commentary for 2021/22 is set out on page 9. The commentary on these pages summarises our conclusions over the arrangements at Norfolk PCC/CC in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Norfolk Police plans and manages its resources to ensure it can continue to deliver its services	No risks of significant weakness identified	No significant weaknesses identified
Governance: How the Norfolk Police ensures that it makes informed decisions and properly manages its risks	During the audit, we identified the following risks of significant weaknesses in relation to a data breach within response to Freedom of Information (FOI) requests.	We identified a significant weakness in the governance arrangement where there were inadequate internal controls to prevent data breach and the non-compliance with laws and regulations in relation to data breach.
Improving economy, efficiency and effectiveness: How the Norfolk Police uses information about its costs and performance to improve the way it manages and delivers its services	No risks of significant weakness identified	No significant weaknesses identified



Value for Money (continued)

Key findings:

During 2022/23, the Norfolk PCC/CC identified an incident of breaches in data protection. These breaches were related to the handling of personal data in responses to Freedom of Information (FOI) requests that were provided during the period of 2021 and 2022. The Norfolk PCC/CC reported the incident to Information Commissioner's Office (ICO) in January 2023.

The data breach incident was discovered in January 2023, concerning FOI requests which were made by journalists or researchers, relating to various crime statistics between January 2015 and April 2022. This data breach incident involved data complexity due to a static version of the raw data was linked to a database using SQL (Structure Query Language) in the document which was then used for the FOI response.

Following the incident, Management instigated procedures to identify and notify all data subjects and undertook immediate actions and changes to the controls and procedures in handling FOI requests.

Whilst Management responded appropriately and notified the ICO in a timely manner and were prompt at instigating an investigation, there were delays in notifying both Internal and External audit. The delay was due to the sensitivities around the data breaches and the immediate public protection and safeguarding actions that were required of Norfolk Constabulary.

In September 2023, the Norfolk PCC/CC conducted an internal investigation to establish circumstances leading to the data breaches and to identify any learning as well as making recommendations to prevent further breaches. The internal investigation established that there have been weaknesses in internal controls and inadequacies in the data protection procedures that have contributed to the data breaches.

The Norfolk PCC/CC has taken actions to remedy the situation and has disclosed an event after the reporting period in its 2021/22 financial statements. The Norfolk PCC/CC has disclosed a contingent liability in its 2022/23 financial statements in relation to this issue.

Inadequate controls over FOI requests and data protection exposes the Norfolk PCC/CC to breaches of legislation, as well as potentially significant losses and reputational damage

Conclusion:

Based on the work performed, we have concluded that there was significant weakness in the Norfolk PCC/CC's governance arrangements, in particular relating to:

- A lack of adequate controls and monitoring procedures to ensure compliance with laws and regulations, specifically in relation to data protection.
- A lack of adequate internal controls to ensure the process and procedures for handling FOI requests are appropriate and effective in safeguarding personal data.

Appendices

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The PCC/CC uses Outcome Based Budgeting (OBB) approach which is a method to align budgets to demand, performance, outcomes and priorities, and it analyses the spending of the entire Force. This information is then lined up against priorities and demands of the Force Management Statement (FMS) and the PCC's Police and Crime Plan. Heads of Department presented savings and investment proposals, and these were modelled against the impact on budgets and outcomes, which were reviewed by a Joint Chief Officer Panel against the OBB principles. The process concluded with agreement on Norfolk only budgets (including OPCCN budgets), the joint budgets with Suffolk Constabulary, costs and savings arising from the process to be included in the spending plan.

The Change Programme, run by the Constabulary through collaboration with Suffolk Constabulary, is sustained over the medium-term to ensure that savings are achieved in a timely manner and that annual budgets are balanced. Hence the annual budget proposals are made in the context of a rolling four-year strategic and financial planning cycle, including the current year.

How the body plans to bridge its funding gaps and identifies achievable savings

The PCC/CC has generally managed its demand led pressures within its budget year-on-year, and where appropriate has used earmarked reserves to meet additional demands and unbudgeted costs. The PCC/CC also has a proven track of record delivering efficiency savings.

The PCC approved the total revenue budget of £188.803m for 2021/22 in February 2021, which includes planned use of reserves £1.739 million and planned savings requirement of £4.010 million, made up of both pay (£2.070 million) and non-pay (£1.290 million) and corporate savings (£0.650 million). The year-end financial outturn report for 2021/22 shows that the Group Revenue Budget has an underspend of £0.387 million and the delivery of planned savings of £4.010 million has also been achieved.

We also reviewed the MTFs 2022/23 to 2025/26 which was constructed by rolling forward the base 2021/22 budget and repriced for inflationary pressures, including the non-pay inflation assumption of 4%. The plan saw an increase of Council Tax by 3.59% per annum, providing a total revenue budget of £195.259 million. This includes planned use of reserves £0.827 million and planned savings requirement of £2.330 million, made up of both pay of £0.969 million and non-pay of £1.361 million.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Since the MTFP was approved in February 2022, there was a significant rise of inflation costs over the year which was closely monitored by the Constabulary. The latest budget monitoring report on 30 September 2022 shows the group revenue budget is forecast to underspend by £0.228 million. In addition, the Constabulary also factored in the additional inflationary pressure of £11.6 million in the MTFP for 2023/24 for informed budget decisions.

The PCC has a Police and Crime Plan setting out the strategic objectives and priorities, providing strategic direction for policing and how it will deliver its statutory responsibilities. The impact of the annual budget and funding of future years are considered using the Outcome Based Budgeting (OBB) approach to align budget against the demands and priorities, ensuring that the medium term financial strategy is lined up with the Police and Crime Plan.

The annual budget decision takes into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation raised through the council tax precept. The decision forms part of a strategy in relation to the changing demands on policing over the medium and long-term in the medium term financial planning.

Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The CIPFA Financial Management Code of Practice (FMCP) requires the PCC and CC to identify and agree a medium-term financial plan (MFTP) which includes funding and spending plans for both revenue and capital, and that it should be aligned with the PCC's Police and Crime Plan.

The MFTP includes medium term Capital Programme, the Treasury Management Strategy and the Capital Strategy which is also supported by Estates Strategy, the ICT Strategy and the Transport Strategy. The operation of all these strategies is unpinned by the Scheme of Governance which includes the Financial Regulations and Contract Standing Orders.

Norfolk and Suffolk Constabularies have been collaborating for a decade and hence the Scheme adopted in both forces is very similar and, in some instances, identical where joint working arrangements are in place. The two forces have been running a change programme to deliver savings through collaboration, which involves a joint financial planning process between the two Constabularies. In addition, the regional collaboration with Seven Forces also sees the a consistent approach to Contract Standing Orders which apply to all procurements that are being carried out in the Seven Force arena.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The PCC approves the Constabulary's budget and MFTP on an annual basis and hold the Chief Constable to account for the management of the funds, including the in-year financial performance monitoring, and the delivery of the strategy via PCC Accountability Meeting (PAM). The meeting is attended by the PCC, CC and members of the Chief Officer Team and Senior Staff as appropriate to the business.

The PCC also oversees the financial risks and delivery of the planned savings requirement. At each meeting an overview of the Police and Crime Plan themes are provided, alongside the budget monitoring report where delivery against the budget would be considered and challenged as appropriate.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Findings

Each Operational Command and Department will maintain a risk register of all the risk identified to the achievement of the operational objectives. There is also a joint risk management process for Norfolk and Suffolk Constabularies where risk is dealt with by mitigation and/or escalation to the appropriate level.

The identified risks are regularly monitored through the governance arrangements to Joint Chief Officer Team (JOCT), Joint Organisational Board and, where appropriate, to the Officers of the Police and Crime Commissioners (OPCC).

Where the risks have an organisation wide impact or where they cannot satisfactorily be managed at department level, they will become strategic risks which will be taken into the Strategic Risk Register which are owned by CC and PCC, with measures taken across both Constabularies to manage them.

The risk assessed are wider than just financial but also includes operational and organisational risks. The Constabulary assesses risks on a matrix of likelihood and impact scoring by using a 'traffic light' system and defines tolerance level of risks for its activities.

The Strategic Risk Register is reviewed by the Joint Audit Committee on a quarterly basis, who challenge the risks included and gain assurance that the right risks and mitigations are included. It also reviews arrangements for assessment of fraud risks and monitors the effectiveness of the counter-fraud strategy and actions. The Constabulary also has an internal audit service, outsourced to a third party - TIAA, to help gain assurance over the effectiveness of internal controls.

The Constabulary Management is responsible for responding to the internal audit findings appropriately and in a timely manner with appropriate challenge from the Joint Audit Committee. OPCC also has its own Risk Management Strategy in place and produce their own Strategic Risk Register which is reviewed through the OPCC meeting structure, including Strategic Governance Board and Estates Governance Board.

However, during the audit we identified a risk of significant weaknesses in the Norfolk Police's operation of internal controls relating to a data breach on the dissemination of Freedom Of Information (FOI) responses. This resulted the Police in failing to meet the legislative and regulatory requirements. The details of the exceptions are reported in section of "Key Findings" in VFM commentary.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body approaches and carries out its annual budget setting process

Findings

The PCC is required to set a balance budget in line with the statutory requirements. The PCC consult with the CC in planning the overall annual budget, taking into consideration the funding streams, the demands and pressures on the policing service and the priorities set out in the Police and Crime Plan, and will make a decision on the level of the proposed precept/council tax as part of the budget setting process.

The PCC also has a statutory duty to obtain views of the local community, key stakeholders and public sector bodies on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates. The 2021/22 budget consultation took form of a survey both online and in hard copy so that the public can submit their views. All comments received to the consultation were provided to the PCC to help inform their 2021/22 policing budget decisions. The 2021/22 budget proposals included net total revenue budget of £183.056 million with an increase of 5.68% to the policing elements of council tax, which was approved by the Police and Crime Panel on 2 Feb 2021.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The PCC's Chief Finance Officer and CC's Chief Finance Officer oversee the adoption and implementation of the Financial Regulations including the rules relating to budgetary control, financial management, treasury management and banking arrangements.

Budget Managers are responsible to manage income and expenditure within their areas and to monitor performance. Detailed budget monitoring is undertaken by Budget Manager on a monthly basis and report to both the PCC CFO and CC CFO, including any variances and take necessary actions to avoid exceeding the budget allocation and alert the CC CFO as appropriate. THE Head of Finance also has monthly meeting with CFOs to discuss the reports.

The CC's CFO submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports compare projected income and expenditure with the latest approved budget allocations to ensure sound financial management. The CC CFO also report to the PCC projections of spending on individual capital projects, including slipping between financial years. These budget monitoring reports are presented to the PCC Accountability Meeting on a bi-monthly basis.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Findings

The PCC/CC has a decision-making and accountability framework in place which is defined by the Police Reform and Social Responsibility Act 2011, to enable the PCC to make robust, well-informed and transparent decisions and hold the CC to account. The framework also includes arrangements for providing information to assist the Police and Crime Panel in its role to scrutinise the decisions and actions of the PCC.

The PCC is accountable to the public, via the Police and Crime Panel, for the management of the police fund. The Panel contains representatives of the County Council, Borough, City and District Councils and it holds the PCC to account by scrutinising their actions and decisions.

The primary oversight for decision making is the responsibility of the PCC via the PCC Accountability Meeting , with some delegated responsibilities to the Joint Audit Committee as set out in the Scheme of Governance and Consent. The PCC Accountability Meeting meet six times a year with meeting held in public.

The Joint Audit Committee meets quarterly, and is comprised of appropriately skilled and experienced members. It has clear terms of reference which emphasises the Committee's role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control and financial reporting. In addition, there are also regular briefings and discussions held between PCC and CC via Strategic Governance Board on a monthly basis to discuss any issues relating to strategic decisions, policy issues and medium/long-term planning. There is also a quarterly Estates Governance Board meeting where PCC and CC discuss the development of the Police Estate to be deliver future policing services across the County.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The PCC/CC has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements, including the acceptance of gifts and hospitality and business interests and additional occupations. The Joint Audit Committee is also responsible to review the corporate governance arrangements to ensure the effectiveness of the governance, risk management and control frameworks.

The PCC, CC and all members of the Joint Audit Committee have completed declarations for the 'Register of Interest', in line with the Code of Conduct and Business Interest Policy. The declarations can be found on the Constabulary's website.

The Constabulary also include review of the effectiveness and compliance with key corporate and HR policies in the Internal Audit programme on a rolling basis, the most recent one completed in 2021/22 and was issued with 'Substantial' Assurance Assessment.

However, during the audit we identified a risk of significant weaknesses in the Norfolk Police's operation of internal controls relating to a data breach on the dissemination of Freedom Of Information (FOI) responses. This resulted the Police in failing to meet the legislative and regulatory requirements. The details of the exceptions are reported in section of "Key Findings" in VFM commentary.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

Findings

How financial and performance information has been used to assess performance to identify areas for improvement

At the meetings of PCC Accountability Meeting, the PCC receives reports on performance in the key priorities as set out in the Police and Crime Plan. The reports outline the Constabulary's progress on the strategic objectives against planned targets and outcomes. The reports are reviewed and discussed at the meetings. Depending on the performance area, the PCC will have oversight of the actions being identified and taken to address areas for improvements.

In addition, any emerging operational / organisational risks will also be flagged up in the meetings. A recent example is due to the Covid-19 pandemic, where there has been a stand-alone agenda item where the Chief Constable provides regular updates on managing the pandemic and the challenges faced by the Constabulary.

The Internal Audit also provide operational recommendations and controls reviews. The outcome of these and any recommendations are tracked at Joint Audit Committee.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Constabulary has an array of performance metrics, including organisational goals for the next 12 months, across all aspects of its operations against the seven key priorities that are set out in the Police and Crime Plan. These performances are reported to the PCC in the bi-monthly meetings of PCC Accountability Meeting and where performance is below planned, they are being followed up to seek the required improvements.

The Constabulary is also regularly inspected by the HMICFRS under the PEEL (police effectiveness, efficiency and legitimacy) programme which draws together evidence from its annual all-force inspections. HMICFRS also undertakes inspections of specific subjects or services, known as thematic inspections which complement and contribute to the PEEL annual assessment. The Constabulary publishes its annual PEEL report outlining its performance against a wide range of quality measures.

The latest report was published in October 2022. This was HMICFRS's sixth PEEL assessment of Norfolk Constabulary. Inspectors judged that Norfolk Constabulary is:

- ▶ Outstanding in its use of resources
- ▶ Good at preventing crime, managing offenders and developing a positive workplace
- ▶ Adequate at investigating crime, responding to the public and protecting vulnerable people
- ▶ Requires improvement in its treatment of the public.

The Constabulary responded to the findings positively with its response published on 14 October 2022. The PEEL report was also presented to the PCC Accountability Meeting in October 2022 with further actions agreed in the following meeting in January 2023.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

Findings

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Norfolk and Suffolk Constabularies have been collaborating since 2010. The collaboration work has delivered in a number of joint units and departments in areas, such as major investigations, protective services, custody, transport and IT. The PCCs and the CCs of both counties meet regularly through the attendance of Norfolk and Suffolk Collaboration Panel to consider issues of mutual interest and to monitor the collaborative work between the two forces and keeping the collaborating arrangements under review.

Norfolk Constabulary also entered into a Seven Force strategic collaboration programme with their counterparts for the police areas of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent and Suffolk. The programme was set up to establish areas for potential collaboration to help address the efficiency of service delivery and improving the effectiveness of delivery to the communities. The programme is governed by the Eastern Region Alliance Summit.

The programme also established a Seven Force Strategic Collaboration Oversight Group. The Oversight Group provides advice, support and oversight to the Senior Responsible Officer for the Programme and makes recommendations to the Eastern Region Alliance Summit.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Seven Force Commercial Services Function has been created to support police procurement activity in all the seven police areas. All procurement contracts over £50,000 are managed by the Seven Force Commercial Services Function through procedures are covered by the Seven Force Commercial Services Contract Standing Orders. A Seven Force Strategic Procurement Policy has also been published.

A governance body, Seven Force Strategic Procurement Governance Board, has been put in place to ensure the function operates effectively. The Board is chaired by a nominated OPCC lead, and as a body, is responsible for setting the strategic direction of the Seven Force Commercial Service Function on behalf of all PCC's and Chief Constables. Membership of this board consists of representation for PCC's and Chief Constables of each force and will ensure that focus of effort and priority of the Seven Force Commercial Services function is shared across all Seven Forces and is acting in the best interests of each force. The Governance board meets monthly, and will report into the Seven Force Alliance Summit which govern the Seven Force Strategic Collaboration programme.

Below the Seven Force Strategic Procurement Governance Board is the Seven Force Strategic Procurement Delivery Board, which oversees the delivery of the Seven Force Commercial Services function on behalf of the Strategic Procurement Board. Membership consists of a representative from each of the seven counties including PCCs and/or Force CFO's. The board meets quarterly and is chaired by a PCC from within the region. There is also a monthly Seven Force Commercial Procurement Board that is chaired by Assistant Chief Officer from the region. Issues in relations to Single Tender Actions (STAs) are discussed at both these meetings.

A Senior Leadership Team meeting (Seven Force Procurement Function SLT meeting) is then also held monthly which is chaired by the Head of Strategic Procurement who is the top level. The governance arrangements are then adapted into the local working arrangements at Norfolk through the Norfolk Organisational Board updates provided through the Assistance Chief Officers (ACO) portfolio updates.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by Management.

Issue	Recommendation
Value for Money – a significant weakness in the governance arrangement	<p>Our work has identified a significant weakness in the arrangements of Norfolk PCC/CC on governance, in relation to a data breach within responses to Freedom of Information (FOI) requests. The inadequate controls over FOI requests and data protection exposes the Norfolk PCC/CC to breaches of legislation, as well as potentially significant losses and reputational damage.</p> <p>We recommend that the Norfolk PCC/CC:</p> <ul style="list-style-type: none">▶ Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.▶ Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to Internal and External Audit as soon as they are identified.▶ Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the PCC/CC, ensuring action plans to address any non-compliance are progressed in a timely manner.
Assessment of Control Environment	<p>Our work has identified that there were no formal signed lease agreements in place for two operating leases for fire stations held by Norfolk PCC as lessee.</p> <p>We recommend that the Norfolk PCC should ensure that all leases agreements are approved and signed before the commencement of the lease to which they relate.</p>

Appendix C - Fees

Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We carried out our audit of the Norfolk PCC/CC's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)".

Audit Fees	Planned Fee 2021/22	Scale fee 2021/22	Final Fee 2020/21
	£'s	£'s	£'s
Total Fee - Code Work	37,595	37,595	37,595
Changes in work required to address additional professional and regulatory requirements and changes in scope associated with risk (Note 1)			31,634
Revised Proposed Scale Fee	37,595	37,595	69,229
Additional Work:			
Changes in work required to address additional professional and regulatory requirements and changes in scope associated with risk (Note 2)	39,454		
Other additional procedures required to address audit risks to enable the conclusion of the audit (Note 3)	39,217		
Total Fees	116,266	TBC	69,229

All fees exclude VAT

Note 1 - PSAA Ltd determined the Fee Variation for 2020/21 on 30 June 2022.

Note 2 - We proposed an increase to the base scale fee of £37,595 for 2020/21 to reflect the cost of increased regulatory requirements as well as to reflect the additional work required to address specific risks. PSAA have determined a final additional fee for 2020/21 of £31,634 in relation to these areas. 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.

Note 3 - As set out in this report, we have had to perform significant additional audit procedures to respond to the associated audit risks identified, including the need to respond to the risks of significant weakness in Value for Money arrangements pertinent to the data breach incidents. We have quantified the additional work we have undertaken, including costs associated with consultation process, and have provided details to the Chief Finance Officers. We have submitted the combined scale fee variation to PSAA Ltd for formal determination.

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