



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



NORFOLK
CONSTABULARY
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AUDIT COMMITTEE

Friday 24th August 2018 at 10:00am
Salhouse Room, Jubilee House, Falconers Chase,
Wymondham, Norfolk NR18 0WW

A G E N D A

Note for Members of the Public: If you have any specific requirements to enable you to attend the meeting, please contact the OPCCN (details overleaf) prior to the meeting.

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 30th July 2018
4. Statements of Accounts 2017/18 – Reports from Chief Finance Officer and Ernst and Young LLP
5. Date of Next Meeting

Tuesday 23rd October at 2pm in the Wroxham Room.

Enquiries to:

OPCCN

Building 8, Jubilee House,

Falconers Chase, Wymondham, Norfolk, NR18 0WW

Direct Dial: 01953 424455 Email: opccn@norfolk.pnn.police.uk

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

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

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**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON MONDAY 30 JULY 2018 AT 2 PM
IN THE WROXHAM ROOM, JUBILEE HOUSE,
FALCONERS CHASE, WYMONDHAM**

Members in attendance:

Mr R Bennett (Chairman)
Mrs J Hills
Ms A Bennett
Mr P Hargrave
Mr A Matthews

Also in attendance:

Mr J Hummersone	Chief Finance Officer (CFO)
Mr M Stokes	Chief Executive, Office of the PCC
Mr P Jasper	Head of Finance, Norfolk and Suffolk Constabularies
Mr I Fearn	Head of Financial Accounting, Norfolk and Suffolk Constabularies
Mr M Hodgson	Associate Partner, Ernst & Young LLP
Ms F Dodimead	Director of Audit, TIAA

Part 1 - Public Agenda

1. Welcome and Apologies

The Chairman welcomed Mr Adrian Matthews to his first meeting. Apologies were noted from DCC N Dean, Mr C Harris (TIAA) and Mr C Hewitt (EY).

2. Declarations of Personal and/or Prejudicial Interests

No interests relevant to the agenda were noted.

3. To confirm the minutes of the meeting held on 17 April 2018

The CFO reported back on the two matters referred to in paragraph 4.1 and **the minutes were approved** as a correct record.

4. Update of the Audit of the Statements of Account 2017/18

- 4.1 The CFO reported that the statutory deadline for signing off the accounts (31 July 2018) would be missed and that the reasons for the delay would need to be published on or before the 31 July deadline.
- 4.2 The reasons for the delay, as reported by EY, were highlighted in a letter to the CFO (23 July 21018) and resulted from two particular issues – Property, Plant and Equipment (PPE) Valuations and other delays in the provision of adequate working papers.
- 4.3 The CFO had responded to EY (by letter 23 July 2018) challenging their view of the situation which was felt to be much more to do with the resourcing of the audit work.
- 4.4 Both sides expressed their disappointment that the deadline was going to be missed and members then spent some time raising questions about the resourcing of the audit work and the technical issue around PPE valuations. The Chairman noted that following the conclusion of the audit for 2016/17 Mr Suter (EY) had reassured the Committee that the 2017/18 audit would be properly resourced (to a tighter timetable).
- 4.5 It was established that both parties would now work to a tight schedule with a view to EY producing the Audit Results Report (ARR) in the week ending 17 August 2018, subject to the issue around PPE being resolved. On this basis an additional meeting of the Committee would be convened in August to receive the ARR and recommend the accounts for signing.
- 4.6 It was agreed that there would be a post audit review meeting to ensure that similar issues did not arise for the 2018/19 audit.
- 4.7 **The Chairman requested** a full report on the meeting be brought back to the Committee together with any actions plans.

5. Internal Audit - 2017/18 Audit Progress Report and Follow Up Report

- 5.1 The Director of Audit introduced the Progress Report. The Committee was reminded that the Head of Internal Audit's Annual Report had been considered at the previous meeting and it had included draft results from all of the (then outstanding) 2017/18 audits. The Director of Audit confirmed that there had been 8 Limited Assurance reports but that the positive opinion had not changed. The Committee raised questions on aspects of the Corporate Policies report and was reassured that the Joint Chief officer Team was receiving 'dash board' management information on numbers of policies out of date/updated and in consultation etc. One report remained outstanding for 2017/18 (Information Management - Management of Police Information) and would come to the October meeting of the Committee.
- 5.2 The 2018/19 audits were under way and mostly planned in. One final report had been issued – Stations, including building access and vehicle security – with a Reasonable Assurance opinion.

5.3 The Director of Audit introduced the Follow Up Report. It was noted that 25 recommendations remained outstanding. Of these, 8 were new recommendations and 11 had had later dates agreed for completion. One recommendation was Priority 1. The Committee regarded the situation as quite acceptable.

5.4 **The Committee noted** the reports.

6. Audit Committee Annual Report 2017/18

6.1 The Chairman presented the draft report which was **approved by the Committee**. Meetings would be arranged for the Chairman with the PCC and Chief Constable to discuss the report.

6.2 The Committee noted that the preparation of an annual report on the work of the Committee was considered to be best practice.

7. Forward Work Plan

7.1 The Committee **noted** the Plan subject to there being an additional meeting in August to receive the ARR and statements of accounts.

7.2 The Committee also agreed to have a private meeting with both the internal and external auditors, if possible, in the hour before the October meeting.

Part 2 - Private Agenda

8. Strategic Risk Register Update

8.1 The CFO introduced the report. The Joint Constabularies Risk Register had been presented in the new format and CFO reported that the OPCC Risk Register would be updated to the new format shortly. There were no particular concerns in respect of the identified risks but **the Committee required** clarification as to the reasons for reductions in some of the 'impact' scores.

9. Date of Next Meeting

August 2018 (now set for 24 August 20018 at 10am in the Salhouse Room)
23 October 2018 at 2 pm in the Wroxham Room

The meeting closed at 16:00.

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Mr R Bennett
CHAIRMAN



OFFICE OF THE POLICE & CRIME
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ORIGINATOR: Chief Finance Officer

REASON FOR SUBMISSION: Decision

SUBMITTED TO: Audit Committee – 24 August 2018

SUBJECT: Statements of Accounts 2017/18

SUMMARY:

1. The Police and Crime Commissioner's (PCC) and Chief Constable's (CC) draft Statements of Accounts were considered at an informal (private) meeting of the Committee on 14 June 2018. The Committee asked to be informed of any significant changes following the audit. These are shown at Appendix 1.
2. The draft Annual Governance Statement published with the draft Statements of Account in June has been updated following the external auditor's review and is attached at Appendix 2.
3. The external auditor's Audit Results Report is circulated with this report and will be presented by Chris Hewitt, Manager, Ernst and Young.
4. The external auditor requires Letters of Representation to be signed by the Chief Finance Officer before issuing his final audit opinion on the Statements of Accounts and these are included within the ARR.
5. The PCC, Chief Constable, Chief Executive and CFO, will sign formally the accounts after endorsement by the Committee.

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

RECOMMENDATION:

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

1. BACKGROUND

- 1.1 The Accounts and Audit (England) Regulations 2015 require authorities to follow “proper practices in relation to accounts” for the preparation of the Statement of Accounts. The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) constitutes “proper accounting practice” in England and Wales under the terms of Section 21 (2) of the Local Government Act 2003. PCCs and CCs in England and Wales are defined as local authorities under Section 23 (as amended by the Police Reform and Social Responsibility Act 2011) and are required, therefore, to follow the Code.
- 1.2 The Home Office Financial Management Code of Practice for the Police Service of England and Wales requires the Chief Financial Officer (CFO) of the PCC to be responsible for ensuring the production of the Statements of Accounts and the Group Accounts of the PCC, and the CC CFO has the same responsibilities on behalf of the Chief Constable. The legal framework indicates that the Statements of Accounts including the Group Accounts and the single entity financial statements should be produced in accordance with the Code’s requirements.
- 1.3 The draft Statements of Accounts 2017/18 were considered informally by the Committee on 14 June 2018.
- 1.4 At their meeting on 30 July 2018 the Committee was advised that the statutory deadline for sign off of the accounts would be missed. The reasons for the delay were published on the OPCC and Constabulary websites on 31 July 2018 (as required by the Accounts and Audit Regulations 2015). The accounts have been closed to a much tighter deadlines than previous years:

	2016/17	2017/18
Draft Accounts published	30 June 17	31 May 18
Final Accounts sign off	30 Sept 17	31 July 18

- 1.5 The delay arose as a result of two main factors:-
- a technical issue around the valuation of Property, Plant and Equipment and
 - the resourcing of the audit work.
- 1.6 Since the delay was identified, both sides have worked hard to get the audit completed and the Audit Results Report has now been issued.

2. CHANGES TO THE ACCOUNTS AND THE AUDIT RESULTS REPORT

- 2.1 Appendix 1 sets out the main changes which have been made to the draft accounts.
- 2.2 The external auditor’s Audit Results Report for the year ended 31 March 2018 is circulated with this report and will be presented by Mark Hodgson.

3. ANNUAL GOVERNANCE STATEMENT (AGS)

3.1 The draft AGS was considered by the Committee at its March meeting. Attached at Appendix 2 is an updated and final AGS for consideration by the Committee following comments raised by the external auditor. The main changes relate to:-

- the insertion of paragraph 5.4 which describes the process for the follow up of internal audit recommendations
- more detail provided in section 5 on the Priority 1 internal audit recommendations with an action plan in the Appendix
- the inclusion of some additional financial information in paragraph 3.36 (moved from 5.8).
- the reordering of some other paragraphs.

4. LETTERS OF REPRESENTATION

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

5. PROCESS FOR FINAL APPROVAL

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

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

6. FINANCIAL IMPLICATIONS

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

7. OTHER IMPLICATIONS AND RISKS

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

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Not applicable
Have human resource implications been considered?	Not applicable
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Not applicable
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Not applicable
Has communications advice been sought on areas of likely media interest and how they might be managed?	No – not considered necessary.
Have all relevant ethical factors been taken into consideration in developing this submission?	Ethical considerations have been taken into account in the production of the Annual Governance Statement and the Accounts.

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

Appendix 1

Main Changes to the Draft Accounts

A change was made to the Local Government Pension Scheme (LGPS) asset value due to issues arising from the external audit of the Pension Fund bodies. This has resulted in a reduction in net LGPS liabilities of £1,781k in respect of the Chief Constable and £13k for the PCC's Office giving a Group adjustment of £1,974k with a reciprocal increase in the Re-measurements of the net defined benefit liability in the Comprehensive Income and Expenditure Statement. This has resulted in changes being made to the narrative report, and the following main statements and notes:

Statement being changed		Group £'000	CC £'000	PCC £'000
CIES - Total Comprehensive Income and Expenditure	Now	25,255	9,470	15,785
CIES - Total Comprehensive Income and Expenditure	Was	27,049	11,251	15,798
Balance Sheet - Total Reserves	Now	(1,724,060)	(1,730,202)	6,141
Balance Sheet - Total Reserves	Was	(1,725,854)	(1,731,983)	6,128
Balance Sheet – Long Term Liabilities	Now			
Balance Sheet – Long Term Liabilities	Was	1,732,328	1,731,233	74,152
MiRS - Unusable Reserves	Now	(1,742,760)	(1,730,202)	(12,558)
MiRS - Unusable Reserves	Was	(1,744,554)	(1,731,983)	(12,572)

The total Net Pension Liabilities for LGPS in Note 17 Retirement Benefits, Group accounts, is now £(88,214)m, previously £(90,008)m. The same value in Note 16 Defined Benefit Pension Schemes, Chief Constable accounts, is now £(87,131)m previously £(88,912)m.

Expenditure of £40k has been moved between the Chief Constable and the PCC's Office in 2017/18. There is no change to the outturn for the Group, but the Chief Constable's net expenditure is now £168,757m, previously £168,717m and the PCC's Office net expenditure is now £9,500m, previously £9,541m. This change also impacted the Expenditure and Funding Analysis and its related notes.

Appendix 2

**ANNUAL GOVERNANCE STATEMENT FOR
THE POLICE AND CRIME COMMISSIONER FOR NORFOLK AND
THE CHIEF CONSTABLE OF NORFOLK 2017/18**

1. Background

- 1.1 This Annual Governance Statement (AGS) covers the financial year 2017/18 [but extends to cover the period to the signing of the Statements of Accounts in August 2018]. This statement is an opportunity to demonstrate compliance with the Code of Corporate Governance.
- 1.2 The Police and Crime Commissioner (PCC) and the Chief Constable for Norfolk are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.3 In discharging this overall responsibility, the PCC and Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of governance (incorporating the system of internal control) is maintained through the year and that arrangements are in place for the management of risk.
- 1.4 The Corporate Governance Framework which sets out how governance 'works' for the PCC and Chief Constable can be found on the PCC's website (www.norfolk-pcc.gov.uk) or may be obtained from the Office of the Police and Crime Commissioner for Norfolk, Building 8, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.
- 1.5 This Framework includes the joint Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government [April 2016] (as expanded by a Guidance Note for Police [June 2016]).
- 1.6 The PCC's and Chief Constable's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of Chief Financial Officers in Policing (draft update May 2017). However, please see further commentary at 3.7 below.
- 1.7 This AGS also explains how the PCC and Chief Constable have complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the review of the effectiveness of the system of internal control and the publication of an annual governance statement.

2. The Purpose of the Governance Framework

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

3. The Governance Framework

- 3.1 The Chief Constable is responsible for operational policing matters, the direction and control of police officers and police staff, and for putting in place proper arrangements for the governance of the Constabulary. The PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under the Chief Constable's direction and control. It therefore follows that the Commissioner must satisfy himself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.
- 3.2 The PCC has adopted a Corporate Governance Framework (including the Code of Corporate Governance) and a Scheme of Governance and Consent which includes Financial Regulations and Contract Standing Orders. These are reviewed periodically in accordance with requirements.
- 3.3 The governance framework has been in place throughout the financial year 2017/18 (ending 31 March 2018) and [up to the date of the approval of the Statements of Accounts].
- 3.4 The key elements of the systems and processes that comprise the PCC's and Chief Constable's governance arrangements and how these adhere to the seven principles in the Code are set out below:-

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

- 3.5 The Police Code of Ethics, produced by the College of Policing, describes the principles that every member of the policing profession in England and Wales is expected to uphold and the standards of behaviour they are expected to meet. This

Code applies to all those who work for the Constabulary, be they police officers, employees, contractors or volunteers. Staffs have been made aware of the Code of Ethics and its implications. Policies, procedures and training products are reviewed in line with the Code and it is central to decision making using the National Decision Making Model. Where there are breaches of the Code of Ethics or the Standards of Professional Behaviour there is a positive duty to report these matters. The Joint Professional Standards Department receives such reports and these are investigated appropriately and in accordance with Police Regulations. A Code of Conduct based on the Code has also been adopted by the PCC and staff of the OPCC.

- 3.6 Formal policies also exist in respect of whistle blowing, public complaints, anti-fraud and corruption, declaration of business interests, gifts, loans and hospitality and disclosable associations. An Ethics Committee has been established to enable staff to raise for consideration ethical issues affecting the Constabulary to enable further improvement in the transparency, professionalism and ethical approach of staff, policies and procedures to such issues. A joint Integrity Board has also been established with the aim of securing the internal confidence of staff and officers in the fair application of policy and process in matters of integrity and ethics and to ensure that the organisations manage risk and learn from cases to improve the service provided. (Inserted by Gemma)
- 3.7 Since 1st April 2014 the Norfolk PCC's Chief Financial Officer (CFO) has acted in a dual capacity (as Section 151 officer) for both the Norfolk PCC and the Chief Constable. The CIPFA Code says that some PCCs and Chief Constables have agreed locally to combine the two CFO posts and designate a single officer. It also says that whilst this arrangement may be regarded as a pragmatic and cost saving solution, it is essential that the potential risks are recognised and that the governance framework is structured in a way that accommodates and responds to any compromises which might arise. The guidance confirms that combined CFO arrangements do not contravene the provisions of the Police Reform and Social Responsibility 2011 Act. The local arrangements have been considered by the Audit Committee and appropriate safeguards put into place.

Principle B - Ensuring openness and comprehensive stakeholder engagement

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

of the policing districts within the county and are using social media in a number of different ways to communicate effectively with the public.

- 3.11 Representatives of the PCC attend meetings regularly to ensure that the arrangements the Constabulary has in place are effective. The PCC's Office (OPCC) also has its own Communications and Engagement Strategy setting out how it will obtain the views of the community and victims of crime regarding policing. This was updated for 2016-2020. The OPCC has recently appointed a Consultation and Engagement Officer to review, develop and deliver its engagement activities and oversee delivery of its overarching Strategy.
- 3.12 The PCC held a countywide budget consultation asking Norfolk people whether they agreed to a 2% precept rise for 2017/18. More than 2,200 people responded with 76% in favour of a rise. Key partners were also consulted. The PCC holds regular public meetings (Police Accountability Forum) to hold the Chief Constable to account.
- 3.13 The PCC has established a Victims' Panel which is enabling him to consult directly with victims on a wide range of subjects and issues. The OPCC manages a key independent advisory panel, the Independent Advisory Group (IAG).
- 3.14 The Constabulary measures the satisfaction of service users through the use of victim surveys and reports to the Office of the PCC on levels of satisfaction as one of the agreed Police and Crime Objectives.
- 3.15 Norfolk Constabulary collaborates extensively with Suffolk Constabulary as it has done since 2008. This formal collaboration is across a range of services including operational policing and back office functions. The PCC is required to give approval to collaborative opportunities before they can commence. The PCCs of Norfolk and Suffolk meet during the year along with the Chief Constables to consider issues impacting on the organisations and to discharge the governance responsibilities between Norfolk and Suffolk. In addition to this there are governance arrangements that cover operational managers and Chief Officers. The main drivers have been to maintain the effectiveness of operational and organisational support and to drive out savings through economies of scale and efficiencies in order to protect front line resources wherever possible.
- 3.16 There are also services that are subject to ongoing regional collaboration. A Seven Force Strategic Collaboration Programme has been established (this is essentially the three strategic collaborations of Norfolk/Suffolk, Kent/Essex and Bedfordshire/Cambridgeshire/Hertfordshire) with a mission to develop options for wider collaboration in order to make efficiencies and drive out further savings. The programme is governed jointly by the seven PCCs and seven Chief Constables.

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

- 3.17 Following his arrival in May 2016, the PCC has consulted widely on his Police and Crime Plan (2016/20) and this was published in March 2017. The Plan sets out seven core priorities for Norfolk and outlines the PCC's vision for tackling and preventing crime, protecting the most vulnerable and supporting victims.

The seven priorities are:-

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

3.18 The Plan is monitored through two public forums:

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

All of these performance reports are published on the OPCCN website <https://www.norfolk-pcc.gov.uk/police-accountability-forum/> and the Police and Crime Panel section of the Norfolk County Council website. <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/partnerships/crime-and-disorder-partnerships/police-and-crime-panel>

- 3.19 There is a co-ordinated process for strategic and medium-term financial planning (MTFP) that uses Outcome Based Budgeting principles (OBB).. The budget for 2017/18 was set by the PCC based on a 'cash level' government funding settlement. The ability to maintain direct funding at 'cash level' was dependant on the precept being increased by 2% and as a result, the PCC recommended this increase and this was supported by the Police and Crime Panel. With funding the same in cash terms (as in 2016/17), budget reductions were required to finance pay awards, price inflation and service pressures over the medium term. The work involved in preparing the budget and the MTFP requires close liaison with operational staff and budget managers followed by a detailed process of scrutiny and challenge by Chief Officers in order to ensure that the MTFP can finance the strategic aims of the Constabulary and the PCC.
- 3.20 There is a clearly defined corporate performance management framework. Objectives and key performance indicators are established and monitored both at a corporate and local level. Regular reports are made to senior managers, the Command Team and to the Commissioner on performance against objectives. This includes detailed analysis and scrutiny of performance and compares performance against the most similar family of forces.
- 3.21 Proposals for collaboration go through a detailed process, designed to ensure that all options are considered and that all parties can sign up to formal agreements in the knowledge that future policy, performance and resource levels are recognised at the offset. Dedicated resources are in place to support those units subject to Norfolk / Suffolk collaboration, including the formulation of detailed business cases. The business cases are subject to review by senior officers and the Joint Chief Officer Teams of the two constabularies. Proposals are further discussed before final sign off by the two PCCs. This is underpinned by formal agreements covering the legal aspects of collaboration. A similar process applies to regional proposals.
- 3.22 A Programme Management Office oversee the planning, implementation and delivery of Norfolk and Suffolk Constabularies' overarching change programme in accordance with the two force's strategic priorities and reports upwards via the Joint Strategic

Planning and Monitoring Board meeting into a Joint Norfolk and Suffolk Chief Officer Team.

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

- 3.23 Norfolk and Suffolk Constabularies gather data and intelligence from a range of sources to produce an annual Strategic Assessment. The Strategic Assessment takes into account all relevant internal and external factors that might impact upon policing, crime and disorder at county and local level, highlighting emerging issues, risks and threats. The 2017 Strategic Assessment expanded on that completed in 2016 and looked at the operational threats Norfolk and Suffolk constabularies face in the context of capacity and capability. One key difference was that the 2017 document included an organisational threat assessment – using outcome based budgeting, this section looks at how the constabularies could review internal processes and structures, such as overtime and sickness management, to make financial savings and improve efficiencies. All operational issues are risk assessed using the nationally recognised Management of Risk in Law Enforcement (MoRiLE) framework. The Strategic Assessment is then used to inform the development and review of the Police and Crime Plans and the local policing plans and performance frameworks. It also leads to the setting of the Operational Control Strategy for which there are identified strategic leads for each theme area. Partners are consulted in the development of the Strategic Assessment and the final document is also shared with them to help aid their decision making and planning.
- 3.24 The Constabulary also undertakes strategic analysis in the form of Strategic Profiles. Where relevant, these are produced jointly for Norfolk and Suffolk, highlighting any cross force and single force issues. The profiles cover a range of strategic crime and thematic topics, including some looking at organisational issues such as sickness and absence management and overtime. They provide a comprehensive account of the topic, taking into consideration any existing research or ‘what works’ evidence to inform strategic and tactical action plans and decision making. Partnership data is utilised wherever possible and consultation is also undertaken with stakeholders outside of policing as a key part of the process to ensure they are widely informed. These strategic profiles are used to inform the overall Strategic Assessment.
- 3.25 The Joint Performance and Analysis Department (JPAD) undertakes analysis, research, consultation and improvement and evaluation activity across the Constabulary. The collaboration of these distinct areas of business within one department allows for more informed analysis to take place which could relate to any part of the organisation, whether operational or organisational. This collaboration also results in the greater use of a variety of techniques to aid tactical and strategic decision making and to formulate problem solving approaches. The department seeks to use an evidenced based approach to its work ensuring that the best available evidence regarding ‘what works’ is considered as part of the Constabulary’s problem solving activity and evaluations are conducted to ensure lessons are learnt and successes identified.
- 3.26 The department produces analytical work to support a number of forums and groups, including the Tasking and Co-ordination Group meetings and Performance and Accountability meetings, delivering strategic and tactical products which facilitate forward resource planning and the identification and management of threat, risk and harm, thereby minimising costs to the organisation. The department supports the Constabulary in meeting its statutory and legislative requirements regarding information and data provision including the Annual Data Returns as set out by the

Home Office and provision of data for a large proportion of Freedom of Information Requests.

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

- 3.27 Norfolk and Suffolk Constabularies have a Leadership Development Programme called Best I Can Be and run a quarterly series of professional development events as part of the work being delivered under the Leadership Strategy. The Constabularies are also rolling out a Succession Planning and Talent Identification process which utilises career conversations and a nine-box grid matrix to identify and develop potential as part of its overall leadership and workforce planning strategies.
- 3.28 The Leadership Strategy promotes the idea that Leadership is not necessarily about rank. It advocates 'Courageous, Inclusive and Ethical' leadership. It goes further to describe the development of the whole workforce which is engaged not only in day to day activity but also in strategic projects and change programmes.
- 3.29 The Professional Development Review (PDR) process continues to be improved and embedded and work continues to develop an ePDR system.

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

- 3.30 The PCC and Chief Constable have Risk Policies in place to ensure that the risks facing the organisation are effectively and appropriately identified, evaluated and reported. The Joint Norfolk and Suffolk (Constabularies) Risk Management Policy includes details of the risk management framework within the governance structure of Norfolk Constabulary.). It sets out risk management requirements and practices that should be undertaken; by whom and when, and outlines the consequences of non-adherence. The policy supports a robust risk management approach for ensuring that strategic objectives are achieved and shows how risk is dealt with, by mitigation and/or escalation to the appropriate level in the organisations. A similar policy has been drawn up by the Norfolk Office of the PCC (OPCC). The Audit Committee routinely sees the Strategic Risk Registers.
- 3.31 The Crime Registry and Audit functions for Suffolk and Norfolk, which are part of the Joint Performance and Analysis Department (JPAD) carries out independent and rigorous audit of crime and incident recording. It provides an objective assessment of how the Constabularies are complying with the National Crime and Incident Recording Standards. The audit reports produced are reviewed by Chief Officers and if areas for improvement are identified, action is allocated and taken accordingly. As necessary, any areas of risk in relation to Crime Data Integrity are also raised at the Force Crime Data Integrity meetings and detailed on the risk register.
- 3.32 As noted in the 2016/17 Annual Governance Statement, following the introduction of Athena (a new major operational policing system) a detailed action plan was introduced to ensure the quality of crime recording was improved to levels that give confidence in the data. In response to this action plan; bespoke training is being delivered to supervisory staff to ensure a greater operational understanding of Crime Data Integrity (CDI). In addition specially trained data quality staff has been introduced to manage the data quality issues currently within the Athena system, supported by quality assurance measures within the business as usual Athena

processes. Data quality remains a key focus for the organisations with activity coordinated at Athena and Crime Data Integrity meetings

- 3.33 Project Athena remains on the Constabulary Strategic Risk Register. There are strong governance mechanisms in place locally and regionally to manage and monitor Athena risks, issues, developments and changes. The Norfolk and Suffolk Athena Strategic Board oversees all issues and risks as well as monitoring general performance, development of the systems and the Athena change work. Relevant updates are presented to the Joint Organisational Board chaired by the Deputy Chief Constable and all strategic risks and issues also reported into the Joint Chief Officer Team meeting. Regionally the governance matrix extends through the Athena Management Organisation (hosted by Essex) to PCCs and Chief Constables through Athena Management Boards.
- 3.34 Key areas of focus in relation to Athena have included:
- system performance issues (recent upgrades to the system have improved system performance);
 - the interface between Athena and Police National Computer (manual workarounds have been implemented whilst system developments are being designed and rolled out to permanently resolve the issues);
 - data quality (regular monthly audits are undertaken to identify any issues and ensure crime data integrity, reporting into Chief Officers); and
 - the ability to access, query and extract management information (two change control notices have been developed and are being considered through the regional Athena governance mechanisms in order to provide alternate management information functionality and local options are also being considered).
- 3.35 As referenced in paragraphs 3.31 and 5.5, the Crime Registrar's team conducts regular audits of the Constabulary's Crime Data Integrity (CDI) compliance. These audits have highlighted a risk regarding the grading level the force may receive following its HMICFRS CDI inspection. There are various reasons for this, but primarily a failure to adequately record, or negate, allegations of crime at the first point of contact; often within the Violent Crime classification will impact on the grading. The local situation is being monitored by the CDI Group, chaired by T/ACC Sanford. Audit has been increased, visits to forces obtaining 'Good' grades have recently taken place to look at best practice, a member of the Norfolk audit team has supported HMICFRS in undertaking other inspections and the Norfolk 2020 team is currently reviewing working practices within the Control Room.
- 3.36 Even with the additional flexibility available to the PCC for precept increases in 2018/19 and 2019/20; over the medium term, real terms reductions to balance the budget are required to protect reserves, finance inflation and pay awards (the public sector pay cap has been lifted) and meet operational demand pressures. By the end of the current year some £34m of annually recurring savings will have been found. Over the MTFP period to 2021/22 a further £9.2m is estimated to be required of which £4.6m has been identified. An earlier start was made on the 2018/19 budget and MTFP processes and this gave opportunity for the Chief Constable and PCC to take measured decisions as regards the budget reductions and investments that were required for 2018/19. Reserves of £5.5m are planned to be used over the MTFP period reducing them to around £10m, the minimally acceptable level, by 31 March 2022. Operational demands continue to put pressure on the budget and there was a budget overspend in 2017/18.

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

- 3.37 The Commissioner has a statutory duty to produce and publish an Annual Report which details performance for the previous year against the objectives and performance measures set in the Annual Policing Plan. Financial performance against the revenue budget, capital programme and levels of reserves is reported regularly through the Police Accountability Forum. The Annual Report and financial performance papers are published on the OPCC website.
- 3.38 The OPCC has received an award (for the third year running) for the quality of its website, which includes the transparency requirements set out by Regulations.
- 3.39 The Audit Committee (now meeting in public) has overseen the full programme of internal and external audit activity. See para 4.5 below.

4. Review of Effectiveness

- 4.1 The PCC and Chief Constable have responsibility for conducting an annual review of the effectiveness of the governance framework, including the system of internal control.
- 4.2 This review of effectiveness is informed by the work of executive managers within the Constabulary and the OPCC who have the responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditor and other review agencies and inspectorates.
- 4.3 A full report was presented to the April meeting of the Audit Committee and the groups and processes that have been involved in maintaining and reviewing the effectiveness of internal control include the following:

4.4 Corporate Governance Working Group

- 4.4.1 This Group has been established to review the corporate governance framework and systems of internal control and to oversee the preparation of this Annual Governance Statement. The group comprises the Chief Executive of the PCC, the PCC's and Chief Constable's Chief Finance Officer, the Head of Strategic, Business and Operational Services and the Head of Joint Finance together with one co-opted member of the Audit Committee. The officers have involvement in the oversight of the governance framework and its processes and are in a position to review its effectiveness.

4.5 Internal Audit

- 4.5.1 Internal audit (delivered under contract by TIAA from 1 April 2015) provides independent and objective assurances across the whole range of the PCC's and Constabulary's activities and regularly presents findings to the Audit Committee of the PCC and Chief Constable. TIAA has taken a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. The audit programme for the year was prepared and agreed with the PCC and Chief Constable following a risk based assessment. The managed audit approach has been developed successfully over past years, in agreement with external audit to bring further efficiency to audits. At each meeting of the Audit Committee the Head of Internal Audit also presents a 'Follow-Up' Report which sets

out the numbers of implemented recommendations and those which remain outstanding.

- 4.5.2 The external auditor (Ernst and Young LLP), re-appointed by Public Sector Auditor Appointments in 2017) is able to place reliance on the work of internal audit.
- 4.5.3 Internal audit is required to give an overall opinion on the adequacy and effectiveness of the framework of the internal control and risk management environment.
- 4.5.4 The overall opinion for 2017/18 from the Head of Internal Audit was:

“TIAA is satisfied that, for the areas reviewed during the year, the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies have reasonable and effective risk management, control and governance processes in place. Also, there was evidence to support the achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability which must be obtained by the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies from its various sources of assurance.”

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

“Control weaknesses: There were 8 areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’ assurance’. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted. It is noted that management directed internal audit to the weak areas, to assess the controls and support the organisations to improve on these areas. Action has already commenced on improvements to the control areas, which reduced the overall number of urgent recommendations and supports a positive overall opinion.”

More information on the ‘Limited Assurance’ audits is set out in paragraph 5.2.

4.6 External Audit and Other External Review Bodies

- 4.6.1 External Audit provides a further source of assurance by reviewing the annual accounts and value for money assessment and reporting upon internal control processes and any other matters relevant to their statutory functions and codes of practice. An unqualified audit report was issued on the 2016/17 Statement of Accounts at the end of September 2017 together with an unqualified value for money conclusion. The External Auditor’s Annual Audit Letter was issued in October 2017 and it did not identify any matters to be addressed.
- 4.6.2 The Constabulary is subject to almost continuous review by Her Majesty’s Inspector of Constabulary and Fire Service (HMICFRS) and a number of inspections were carried out over the period. Reports relating to Norfolk can be found on HMIC website:-
<https://www.justiceinspectorates.gov.uk/hmicfrs/?type=publications&force=norfolk&s&cat&year>

In the last audit report a number of Areas for Improvement (AFI) were reported on. During the 2017 fieldwork the HMIC considered evidence presented by the force for

those areas in their inspection key lines of enquiry, and accepted the force had improved in those areas. One AFI was carried forward from 2016 (**highlighted in bold**).

Of note are the following reports ([Comments/actions taken by the Constabulary in blue text](#)):-

PEEL: Police Effectiveness 2017

Only two areas were inspected,

- Protecting vulnerable people - Good
- Specialist capabilities - ungraded

The Constabulary maintained its gradings for the other three areas

- Preventing crime and tackling anti-social behaviour – Outstanding
- Investigating crime and reducing re-offending – Good
- Tackling serious and organised crime – Good.

Areas for improvement:

The force should ensure that appropriate supervision is put in place consistently to monitor the quality and progress of investigations involving vulnerable people.

In February 2018 the Force published its Investigation Management Policy for Children and Vulnerable Persons. The policy covers management oversight and investigation review periods with strategic aims to:

Prepare: Reduce harm caused to children & vulnerable persons & make the county a safe place for them to live

Prevent: children & vulnerable persons from becoming victims & prevent repeat victimisation

Protect: Safeguard children & vulnerable persons

Pursue: Prosecute those responsible for offending against children and vulnerable persons

The force should review its use of DVPOs/DVPNs and Clare's Law to ensure it is making best use of these powers to safeguard victims of domestic abuse.

Domestic Violence Protection Notices (DVPN) and their associated Orders (DVPO) have been used to good effect across Norfolk since they became available as an additional response to safeguard victims. Their use remains based upon a high risk assessment by the first attending officer at a Domestic crime, using the DASH question set to inform this risk assessment. The vast majority of DVPNs are awarded following request by Custody Investigation Unit which seeks them as part of their safeguarding responsibilities when dealing with

perpetrators arrested for domestic related offences. Norfolk is fortunate to have an embedded legal services team which manages the process through the magistrate's court. The MASH Domestic Abuse Safeguarding Team (DAST) is made aware of the issue of a Notice and monitors to see if that is turned into an Order at Court. It is then part of the safeguarding planning for the vulnerable victim, as well as the gateway to additional support from the IDVA service, provided by Leeway.

The issuing of DVPN/O is in the process of being formally recorded on the Force Crime and intelligence system, Athena, and this recording is being reviewed by CIU Management at the request of the head of CJS. We are also closely monitoring the new Domestic Violence and Abuse Bill as it contains new Domestic Abuse Protection Notices. The widening of the Notice to include Abuse rather than Violence would be welcome.

Clare's Law, or the domestic Violence Disclosure Scheme (DVDS) process has now been fully embedded into the Domestic Abuse Safeguarding Team (DAST) within Norfolk MASH. This places the process at the heart of the multi-agency environment, which aids the prompt formation of the Multi-Agency Panel to discuss and, where appropriate, agree disclosures. There are three main agency representatives on the panel, being the Police, Children's Services and Leeway (a domestic abuse charity), who provide the Norfolk IDVA service. If disclosure is authorised by the Panel then one of the disclosure team within the DAST will make the disclosure face to face, usually alongside one of the IDVAs. This process has recently been subject to review by the Detective Inspector in charge of the DAST team due to the Child Sexual Offences Disclosure (CSODs) process being brought into the Disclosure Team's terms of reference.

PEEL: Police Efficiency 2017

HMIC Overall Judgement: Good
Areas for Improvement

The force should undertake appropriate activities to understand fully its workforce's capabilities, in order to identify any gaps and put plans in place to address them. This will enable the force to be confident in its ability to be efficient in meeting current and likely future demand.

Workforce planning is an ongoing area of development for the force. Current key areas of work are:

- Launch of the new Local Policing Model. The new '2020 model' will help the Constabulary to meet current and future challenges by prioritising the biggest risks to Norfolk's communities, investing in safeguarding, investigations and proactive capabilities.
- Building on the work undertaken in 2016 to centralise workforce data a corporate needs analysis was undertaken, and a force training plan has been completed.
- Detective and Investigators Career Pathway programme has been developed for officers and staff and will be rolled out in 2018.
- A Succession Planning and Talent Identification programme has been drawn up, and will be roll out from February 2018.

PEEL: Police Legitimacy 2017

HMIC Overall Judgement: Good.

Areas for improvement:

The force should improve the quality and timeliness of updates to complainants, including matters of misconduct, in line with IPCC statutory guidance.

Guidance has been made available on the intranet advising those conducting investigations of their responsibility to update complainants every 28 days with meaningful updates and to make a record of all contacts. Contact with complainants is reviewed during the quality assurance process when the complaint is finalised by PSD. Complaints and conduct matters handled within PSD all include a contact log which includes contact with complainants, witnesses and subjects of the allegations.

The force should improve the level of understanding among its workforce so they can identify and respond appropriately to initial reports of discrimination at the earliest opportunity

Guidance on how to investigate allegations involving complaints of discrimination is available on the Professional Standards Department Force intranet site. This guidance also points to the Independent Office for Police Conduct guidance on these matters. Further research of the complaints data is required to establish whether there are lessons to be learned. This is covered within initial recruitment and then refreshed within Personal Safety Training.

The force needs to ensure that selection and promotion processes are open and fair, and are perceived to be so by the workforce.

The National Police Promotion Framework process for Sergeants and Inspectors has been revised and the Constabulary now works with College of Policing in the design of its assessment exercises. Feedback has been positive following the pilot process in the latter part of 2017. The Recruitment and Selection Code of Practice has been drafted and contains appendices concerning promotion at levels above Inspector, and how to manage acting and temporary appointments. The new promotion process, for more senior ranks is being piloted in Norfolk for Superintendents. Again the Constabulary is working with College of Policing in the design of assessments. Additional work is being undertaken to develop a postings framework that will identify when and how posts, particularly Sergeant posts, should be filled.

The force needs to ensure that the staff performance assessment framework is applied consistently and fairly across the entire organisation and that staff consider it valuable in supporting their development

The PDR process was launched in April 2016 and continues to be developed. A working group with a diverse range of stakeholders is developing this, and running focus groups in their area, for the improved process to go live in April 2018. The overarching aim for the group is to ensure that the PDR process is relevant, not time consuming and appropriate for everyone regardless of their career or development aspirations. Phase 1 of the project is focused upon ensuring that the process is fit for purpose and is being used throughout the organisation, whilst Phase 2 will focus on an online solution to allow easier reporting, tracking and updating of PDRs.

- 4.6.3 Information Management - Following the audit undertaken by the Information Commissioner's Office (ICO) in April 2016 across Norfolk/Suffolk Constabularies, work has progressed to action the recommendations to help reduce the risk of non-compliance with the Data Protection Act. Resourcing levels were reviewed and three temporary appointments, to end March 2019, are in place, addressing the information sharing, auditing and compliance requirements. The audit findings continue to be progressed and managed through the Information Management Steering Group.
- 4.6.4 Information Management dealt with a number of data breaches in 2017 of which none were referred to the Information Commissioner's Office (ICO) as they have either been contained between the relevant parties or not of serious enough impact to warrant referral. All data breaches reported to Information Management are thoroughly investigated and the final report is considered by the respective force Deputy Chief Constable (Senior Information Risk Owner (SIRO)) for a final decision as to whether to refer to the ICO. At present there is no mandatory requirement to refer data breaches to the ICO, however, this will change when the new Data Protection Act 2018 becomes law in May 2018. High risk data breaches have to be referred to the ICO within 72 hours.

4.7 Police and Crime Panel

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

4.8 Audit Committee

- 4.8.1 The Committee provides advice, to the PCC and Chief Constable, on audit and governance issues and champions both audit and the embedding of risk management. Specifically, it receives and scrutinises the review of the system of internal control, and agrees and monitors any action plans resulting from those reviews. The Committee regularly reviews its own performance and prepares an annual report for submission to the PCC and Chief Constable.
- 4.8.2 In addition to this the Committee also examines and considers the draft Annual Governance Statement, and reviews the draft accounts of the PCC and Chief Constable to make recommendations in this respect. Also, it reviews the annual draft Treasury Management Strategy, monitors its application during the year and makes recommendations as appropriate.
- 4.8.3 Members have continued to receive briefings and training through the year and one vacancy has been filled.

5. Significant Governance Issues

- 5.1 Those internal control issues identified in the 2016/17 Annual Governance Statement have been subject to follow up by Internal Audit. Reconciliation of tax and national insurance deductions relating to 2015/16 remains outstanding; however, payments have been made to HMRC. The latest position is that an 'Earlier Year Update' process will be run and HMRC provided with the correct information on the 70 affected staff records.
- 5.2 However, there were eight areas reviewed by internal audit in 2017/18 where it was assessed that the effectiveness of some of the internal control arrangements

provided 'limited assurance' (Purchase Cards, Data Quality Arrangements for Athena, Absence Management, Management of Police Information [MOPI], Payroll, Overtime, Expenses and Additional Payments, Corporate Policies and Learning and Development – Skills). Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted. A summary of the findings in each business area is set out below:

- The Purchase Cards audit has resulted in a 'limited assurance' assessment for 2 years in a row now. The spending on the cards is not material (£93,000 for April to August 2017) and there is no evidence of any inappropriate use of the cards. The 'limited' assessment arises because there were 5 priority 2 and 3 recommendations; all of which are in hand. A full review of the number of cards in use, the spending being charged to the cards and the policy and procedures will be carried out over the next few months.
- The Athena Data Quality audit recommendations are complex and Athena is referenced elsewhere in this report. The audit report contained 4 priority 2 and 3 recommendations.
- The Absence Management audit identified that the various systems in use record sickness in different ways (not user errors). Further training of managers is needed to ensure that rest days and free days are not included within sickness periods (this does not affect reported sickness figures as 'working days lost' exclude rest and free days). Line managers also need to be reminded of the requirement for Attendance Support Meetings and of the option to refer to occupational health. There were 5 priority 2 and 3 recommendations.
- The Overtime, Expenses and Additional Payments audit has revealed examples of invalid claims not complying with guidelines and a risk that expenses could be claimed through two separate systems. There were 4 priority 2 and 3 recommendations.
- The Review of Policies Management has identified policies that are outside the scope of the Policy Unit, and for which accountability is unclear. 25% of policies are past their review date although this is a big improvement on the 81% when the Unit was formed. There were 7 priority 2 and 3 recommendations.

The final 3 'Limited Assurance' audit reports each contain one 'Urgent' (priority 1) recommendation. These relate to serious control failures that need to be put right as soon as possible.

- Compliance with the Management of Police Information (MOPI) requirements is an issue for all police forces. A project has been underway for some time and software developed to interrogate some 35 systems which hold information. Some manual records need to be transferred to electronic format. The matters identified by Internal Audit are known and a Project Board is in place to oversee the activity. The priority 1 recommendation is set out in Appendix A along with the management response and the timetable for dealing with the issue.
- The Payroll audit again highlighted the problem described at 5.1 above and also made recommendations about continuing to ensure there is compliance with IR35 (contractors to be paid via payroll) and about self-certification of on-call payments where an immediate system change is being implemented. The priority 1 recommendation is set out in Appendix A along with the management response and the timetable for dealing with the issue.
- The Learning and Development (L&D) Recording of Police Officer Skills report has identified problems with the recording of skills on the ERP system, especially if the training has not been arranged by L&D. Also the system is not being used effectively to book and fill courses. The priority 1 recommendation is set out in

Appendix A along with the management response and the timetable for dealing with the issue.

- 5.3 In 2016/17 a number of internal audit recommendations made reference to the Enterprise Resource Planning System. A project is underway (commenced May 2017) to ensure that the system is running as efficiently and effectively as possible with business processes aligned and reducing the administrative burden for supervisors and managers.
- 5.4 All recommendations in Internal Audit Reports are subject to follow up with a detailed report being presented to each meeting of the Audit Committee and to the Joint Constabularies Organisational Board (Delivery)

6. Conclusion and Assurance Summary

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

Signed

Lorne Green
Police and Crime Commissioner for Norfolk

Simon Bailey QPM
Chief Constable of Norfolk

Mark Stokes
Chief Executive
Office of the Police and Crime Commissioner

John Hummersone FCPFA
Chief Finance Officer

Date: 24 August 2018

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

Management of Police Information

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>Police information is currently stored on 35 computer systems. The 35 computer systems that are currently used by the Constabularies are held on a series of separate, unlinked systems.</p> <p>There is a search engine called GENIE in place, which provides the capacity to find information in 30 of the 35 systems that have been used by the Constabularies for recording of police data. The remaining five electronic systems cannot be searched through GENIE and require separate searches to be made.</p> <p>A project plan has been developed within Information Management, however requires resource allocation and completion to take forward.</p> <p>There is a risk that the other five systems are not fully searched and incorrect information is given out and or incorrect decisions are taken. In addition, hardcopy data is also held and in some cases may need to be checked (refer to recommendation 4).</p>	<p>A project plan, including allocation of resources/IT resources be completed, to enhance GENIE and enable the five electronic systems excluded from the GENIE search to be incorporated into this search. The project plan to have clear target dates and officers assigned to each action so that progress can be monitored accordingly.</p>	1	<p><i>It is planned to include these systems in the next phase.</i></p> <p><i>We are currently looking at implementing the Genie Data Quality tools over the information that we currently have in Genie and develop these so that the MoPI grouping and dates can be generated by the system. This has been identified as a greater advantage than having the other systems within Genie at this time due to the inability to target reviews and deletions other than by a manual process of it being triggered by an external input e.g. person writing in for deletion. The Clearcore work will take many months to fully implement this will be totally resource dependent.</i></p>	1 April 2020	Records Manager

Learning and Development – Skills

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Compliance	<p>ERP does not have an accurate record of police officers skills. Individual departments provide training outside of Learning and Development, such as intoximetre, as well as departments such as Firearms and Specialist Operations maintaining separate / differing records to the central Learning and Development department.</p> <p>The Resource Management Unit, when assigning shifts, will refer to ERP to ensure that they select staff that have the appropriate qualification/skills.</p> <p>Without utilising ERP as the central record for all training and skills, training officers may not be fully utilised and appropriately trained and skilled officers may not be selected for suitable shifts or the same officers selected for extensive periods of time.</p>	<p>A full review of the skills data recorded on ERP to be undertaken, requesting skills data held and trainers from individual departments, to ensure that ERP has an accurate record and can be used to identify skill requirements and gaps across the forces.</p>	1	<p><i>The ERP skills review is well underway. The findings are being fed into the ERP Board for future changes to the ERP system, which will require change requests. The ERP Board has agreed the procurement of new management information software for the ERP system, which will also provide assistance in this area.</i></p>	06/07/18	<p><i>Temporary Chief Inspector – Operational Training Manager</i></p>

**The Police & Crime
Commissioner for Norfolk /
Chief Constable of Norfolk
Constabulary
Audit results report**

17 August 2018

Year ended 31st March 2018

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the letters.

Building a better
working world



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

17 August 2018

Dear Lorne and Simon,

We are pleased to attach our Audit Results Report for the forthcoming meeting of the Joint Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of the Police and Crime Commissioner for Norfolk (PCC) and Chief Constable of Norfolk Constabulary (CC), for 2017/18

We have substantially completed our audit of the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary for the year ended 31 March 2018. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

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

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

We welcome the opportunity to discuss the contents of this report with you at the Joint Audit Committee meeting on 24 August 2018.

Yours sincerely

MARK HODGSON

For and on behalf of Ernst & Young LLP
United Kingdom

Contents

01 Executive Summary

02

Areas of Audit Focus

03

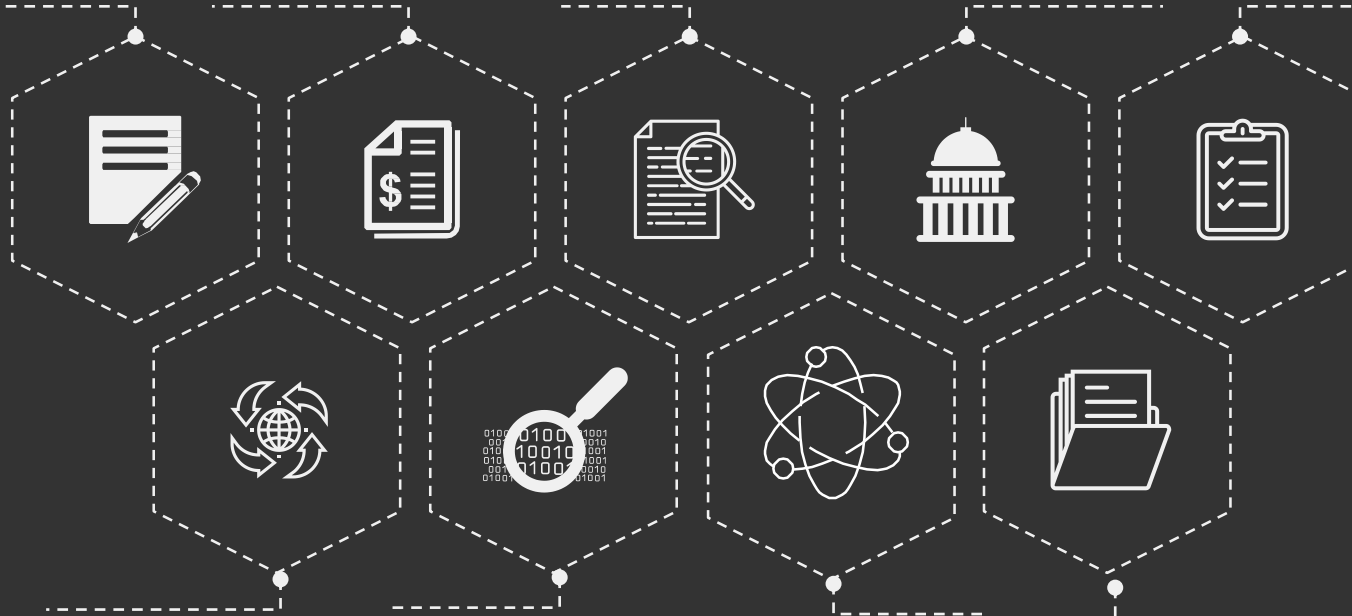
Audit Report

04

Audit Differences

05

Value for Money



06

Other reporting issues

07

Assessment of Control Environment

08

Independence

09

Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). 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 (updated February 2017)" 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 Audit Committee, the PCC for Norfolk and CC of Norfolk Constabulary and management in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of the PCC for Norfolk and CC of Norfolk Constabulary 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 Audit Committee and management of the PCC for Norfolk and CC of Norfolk Constabulary 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 Executive Summary

Executive Summary

Scope update

In our Audit Plan (dated 15 December 2017) presented at the 9 January 2018 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes in materiality

We updated our planning materiality assessment using the draft consolidated accounts and have also reconsidered our risk assessment.

Based on our materiality measure of 2% of gross expenditure on provision of services, we have updated our overall materiality assessment:

- The PCC Group has increased to £5.2 million (Audit Planning Report – £4.8 million); and
- The CC Single Entity has increased to £4.7 million (Audit Planning Report – £4.4 million).

Based on our materiality measure using 2% of gross assets, we have updated our overall materiality assessment:

- The PCC Single Entity has decreased to £2 million (Audit Planning Report - £2.4 million).

The Police Pension Fund materiality has remained the same at £0.9 million based on 2% of the higher of Benefits Payable/Contributions Receivable

This results in updated performance materiality levels, set at 50% of overall materiality, of £2.6 million; £2.4 million; £1 million; and £0.7 million for the PCC Group; CC Single Entity; PCC Single Entity; and Police Pension Fund respectively.

Thresholds for reporting uncorrected misstatements have been updated to £0.2 million; £0.2 million; £0.1 million; and £0.4 million.

Status of the audit

We have substantially completed our audit of the PPC's and CC's respective financial statements for the year ended 31 March 2018 and have performed the procedures outlined in our Audit Plan. Subject to satisfactory completion of the outstanding matters set out below, we expect to issue an unqualified opinion on the financial statements in the form which appears at Section 3.

However until work is complete, further amendments may arise from the following:

- completion of subsequent events review;
- receipt of the signed management representation letter; and
- final Manager and Engagement Partner reviews.

We expect to issue the audit certificate at the same time as the audit opinion.

Executive Summary

Audit differences

Unadjusted differences

There are no unadjusted audit differences.

Adjusted

We identified one audit difference in our work, which has been adjusted by Management within the revised financial statements, relating to the Group's and CC's share of Pension Fund Assets. Updated information became available during our audit, which led to an increase in the PCC Group's share of the Local Government Pension Scheme assets by £1.794 million and the CC's share of the LGPS pension assets by £1.781 million. There were a number of other pension fund disclosures impacted by this amendment. This adjustment is a result of a timing difference between an estimate made by the Actuary, and information that has become available since the time of their initial report. The PCC and CC correctly used the information provided within the original IAS 19 report within its draft financial statements. There is no impact on the General Fund.

We also identified a number of audit disclosure differences in the draft financial statements, which have been adjusted by management.

Further details are provided in Section 4.

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of the PCC's and CC's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

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

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

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

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Executive Summary

Control observations

In the main, we have adopted a fully substantive approach, and so have not tested the operation of controls. However, we adopted a dual controls and substantive approach for Payroll. Our audit of Payroll found a weakness in relation to the calculation of employee contributions for both the local government and police pensions scheme. In addition, we found that Payroll and Human Resources were unable, in a few cases, to provide evidence to support the pay point to which an individual is entitled. We provide further details and recommendations in Section 7 of this Report.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

In our Audit Plan we identified a significant risk in relation to:

- Sustainable resource deployment: the PCC's and CC's arrangements for the achievement of savings needed over the Medium Term given the financial challenges the PCC and CC faces over the next three to four years.

We have undertaken appropriate procedures and concluded that we have no matters to include in the auditor's report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

We include in Section 5 additional commentary in respect of the financial planning and resilience over the medium term.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PCC and the CC. A number of amendments have been made to the Annual Governance Statement as a result of our work (See Section 6). We have no other matters to report as a result of this work.

We have also reviewed the Narrative Report for both the PCC and the CC for consistency with our knowledge and consistency with the financial statements. We have made an observation about compliance with the Code requirements. We have no other matters to report as a result of this work.

We are not reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission as the Group/PCC and CC fall below the £500 million threshold for review as per the NAO's group instructions.

We have no other matters to report.

Independence

Please refer to Section 8 for our update on Independence. We have no independence issues to bring to your attention.



02 Areas of Audit Focus





Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition

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.

Having assessed the key income and expenditure streams of the PCC and CC, we judged that there was material opportunity and incentive for the incorrect classification of revenue spend as capital expenditure.

What judgements are we focused on?

We focused on aspects of the statement of accounts where revenue and expenditure transactions could be recorded inappropriately, primarily:

- Capitalisation of revenue spend.

What did we do?

In response to this risk, we:

- Obtained a breakdown of capital additions in the year, which we reconciled to the fixed asset register and statement of accounts;
- Tested the additions to the property, plant and equipment balance to ensure that they are properly classified as capital expenditure; and
- Designed journal procedures to identify and review adjustment manual journals that moved amounts from revenue codes to capital codes.

What are our conclusions?

We have not identified any material misstatements from the incorrect capitalisation of expenditure items.

Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Group's or the PCC's financial position.





Areas of Audit Focus

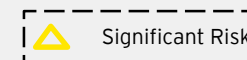
Significant risk

Risk of misstatement due to fraud or error (management override)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK 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.



What judgements are we focused on?

We focused on aspects of the financial statements where management could inappropriately inflate income or understate expenditure, primarily:

- Capitalisation of revenue spend;
- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- Evaluating the business rationale for significant unusual transactions.

As part of our review of estimates we also considered property and pension valuations. These are identified as separate areas of focus and covered in the next section of this report.

We also reviewed

- Correctness and completeness trade payables including manual accruals;
- Existence of prepayments and manual debtors; and
- Correctness of trade payables and trade receivables through cut-off procedures.



Areas of Audit Focus

Significant risk (cont.)

What did we do?

In response to this risk, we:

- Enquired of management about risks of fraud and the controls in place to address those risks;
- Considered the oversight given by those charged with governance of management's processes over fraud by direct enquiry;
- Considered the effectiveness of management's controls designed to address the risk of fraud;
- Tested the additions to the property, plant and equipment balance to ensure that they are properly classified as capital expenditure;
- Reviewed, discussed with management and tested any accounting estimates, including accruals, prepayments and provisions, for evidence of management bias;
- Reviewed and tested revenue cut-off at the period end date;
- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- Confirmed there were no significant unusual transactions.

What are our conclusions?

We obtained the responses we requested from management and those charged with governance and used these to inform our understanding of fraud risks. We noted that key elements of the entity level control framework that we would expect to see, especially arrangements for internal audit, counter fraud and risk management, were in place.

Our walkthrough testing included considering what controls are in place to address significant risks. We concluded that these are in large part year end processes including management review of the draft financial statements. We confirmed that these controls were in place, although our approach was not to rely on controls.

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

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

We have not identified any material misstatements from the incorrect capitalisation of expenditure items.

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

Overall, our audit work to date has not identified any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the financial position, that revenue or expenditure has been incorrectly recorded or that management has overridden control.



Areas of Audit Focus

Significant risk (cont.)



Further details on procedures/work performed

We focussed on the following judgemental areas:

- **Capitalisation of revenue expenditure**

Our approach focussed on selecting a sample of additions in year and testing these to supporting evidence to confirm that these items were correctly accounted for as capital, in line with the accounting standards. We have not identified any additions that were incorrectly capitalised.

- **Completeness of provisions**

Our approach focussed on reviewing post year end-bank statements for evidence of any material liabilities that should have been provided for in the 2017/18 financial statements. We have not identified any material cut-off issues at the period end date. Our testing of exit costs have not indicated any misstatements.

- **Appropriateness of manual journals**

We selected a sample of manual journals and tested the items through to supporting evidence. We reviewed the business rationale for the manual journals for reasonableness and checked the accounting entry. We have not identified any material issues from our journals testing.

We also reviewed

- **Correctness and completeness of trade payables including accruals**

Our approach focussed on selecting a sample of trade payables including manual accruals and testing these items through to supporting evidence, reviewing estimation areas for reasonableness and, where possible, evidence of subsequent payment. Our work on the testing of trade payables and accruals has not identified any significant issues.

- **Existence of prepayments and manual debtors**

Our approach focussed on selecting a sample of prepayments, testing to third party support and agreeing that the prepayment had been calculated correctly. We also selected a sample of all manual debtors. We obtained a rationale for the debtors and reviewed for reasonableness, we also agreed the amounts through to supporting evidence. Our work on the testing of prepayments and manual debtors has not identified any significant issues.

- **Correctness of trade payables and trade receivables through cut-off procedures.**

Our approach focussed on selecting a sample of transactions in March and April 2018 to confirm that the PCC had recorded transactions in the correct year. We have not identified any transactions which were included in the incorrect year.



Areas of Audit Focus

Other areas of audit focus – Valuation of Land and Buildings

What is the area of focus?	What did we do?	Our Conclusions
<p>Valuation of Land and Buildings</p> <p>Property, Plant and Equipment represents a material balance in the PCC’s accounts and are subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet. This is carried out by an expert valuer and is based on a number of complex assumptions.</p> <p>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.</p>	<p>We:</p> <ul style="list-style-type: none"> ▶ Considered the work performed by the PCC’s valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Sample tested key asset information used by the valuers in performing their valuation (for example floor plans to support valuations based on price per square metres); ▶ Considered the annual cycle of valuations to ensure that assets had been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there were any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated by using market indices to assess movements from last revaluation dates; ▶ Considered changes to useful economic lives as a result of the most recent valuation; and ▶ Tested the accounting treatment of valuations made in the year, including the assessment and treatment of impairments. 	<p>Our initial work indicated the estimate for buildings was outside of an acceptable range. We engaged our specialist, EY Real Estates, to review the PCC’s estimates and in particular the values assigned to the Operational Command Centre (OCC) at Wymondham and the Police Investigation Centres.</p> <p>Following their review we have concluded that:</p> <ul style="list-style-type: none"> • Property valuations based on existing use values (EUV) were unlikely to have moved significantly over the five year period; • The value of the OCC, based on EUV, is within an expected range of values, albeit close to the higher end; and • The PCC should uplift the values of those specialised assets valued at depreciated replacement cost (DRC), primarily the police investigation centres (PICs) to reflect build costs each year. However, for 2017/18, as the range of values suggested by EY Real Estates falls below our nominal amount, we do not require the consideration of an amendment to the 2017/18 financial statements. <p>We have therefore gained sufficient assurance for opinion purposes about the carrying value of the PCC’s Land and buildings.</p> <p>However, we recommend, however, that the PCC:</p> <ul style="list-style-type: none"> • Revalues in 2018/19 those £2 million of assets not valued in 2017/18 and which fell outside the five year valuation cycle; and • Revalues annually the larger EUV assets along with the PIC assets valued on a DRC basis to prevent unnecessary distortion of the carrying value in the financial statements; and • Instruct the valuers not to include a finance cost within the calculation of the PIC values in order to comply with the Code of Audit Practice.



Areas of Audit Focus

Other areas of audit focus - Pension Fund Liability

What is the area of focus?	What did we do?	Our Conclusions
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice (the code) and IAS19 require the PCC and CC to make extensive disclosures within their financial statements regarding the Local Government Pension Scheme (LGPS) in which they are an admitted body.</p> <p>The PCC Group's and CC's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the PCC's and CC's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to Norfolk County Council and also the Police Pension Fund.</p> <p>Accounting for the schemes involves significant estimation and judgement.</p> <p>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.</p>	<p>We have:</p> <ul style="list-style-type: none"> ▶ Liaised with the auditors of Norfolk County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the PCC for Norfolk and the CC of Norfolk Constabulary; ▶ Assessed the work of the LGPS Pension Fund actuary (Hymans Robertson) and the Police Pension actuary (Government Actuary Department) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and ▶ Reviewed and tested the accounting entries and disclosures made within the PCC and CC's financial statements in relation to IAS19. 	<p>We have reviewed the assessment of the pension fund actuary by PWC and EY pensions and have undertaken the work required.</p> <p>A movement on the total fund asset between the estimated year end balance and the actual was identified by the pension fund auditor. The impact of this was an understatement of the Group's LGPS assets by £1.794 million and the CC's LGPS pension assets by £1.781 million.</p> <p>The amount is above our summary of audit differences level and has been adjusted in the accounts. See Section 4 for the adjustments.</p> <p>We have not identified any issues with the accounting entries and disclosures made within the financial statements.</p>



Areas of Audit Focus

Other areas of audit focus - Private Finance Initiative

What is the area of focus?	What did we do?	Our Conclusions
<p>Private Finance Initiative</p> <p>The PCC and CC discloses two PFI contracts within their financial statements for:</p> <p>The use of Jubilee House, Operations and Communications Centre at Wymondham from 2001 until 2037. At the 31 March 2017 the PFI Liability associated with the OCC amounted to £25.9 million; and</p> <p>The use of six Police Investigation Centres shared with the Police and Crime Commissioner for Suffolk from 2011 until 2041. The arrangements also includes payments by the Police and Crime Commissioner for Cambridgeshire. At 31 March 2017, the PCC for Norfolk's share of the PFI liability was £36.4 million.</p> <p>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</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none">▶ Enquire whether there have been any significant changes within the models since our review in 2014/15 and assessing the impact of any change in assumptions upon the models;▶ Agreeing the models to the disclosures within the financial statements.	<p>The PCC and CC have not made any significant changes to the models during 2017/18.</p> <p>We have agreed the models to the disclosures within the financial statements and have no matters to report.</p>



Areas of Audit Focus



Other matters

Assessment of new Accounting Standards

- IFRS 15 Revenue from Contracts with Customers: The 2018/19 Code of Practice on Local Authority Accounting for the United Kingdom determines how IFRS 15 Revenue from Customers with Contracts will be adopted by local government bodies. IFRS 15 is not expected to have a material impact on the financial statements as the vast majority of the PCC's and the Force's income streams are taxation or grant based. Income from taxation and grants does not fall within the scope of IFRS 15 as it is not contractually based revenue from customers.
- The PCC and CC have expanded Note 2 to the financial statements on IFRS 15 to record work undertaken to assess that there is no material impact.



03 Audit Report



Audit Report

Our proposed opinion on the financial statements - Group/PCC

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

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Norfolk for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the Police and Crime Commissioner for Norfolk and Group Movement in Reserves Statement, Police and Crime Commissioner for Norfolk and Group Comprehensive Income and Expenditure Statement, Police and Crime Commissioner for Norfolk and Group Balance Sheet, Police and Crime Commissioner for Norfolk and Group Cash Flow Statement, Police and Crime Commissioner for Norfolk Pension Fund Account Statements, the related notes 1 to 34 and the Expenditure and Funding Analysis to the Police and Crime Commissioner and Group Accounts.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Norfolk and Group as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

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

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



Audit Report

Our proposed opinion on the financial statements

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the "The Police and Crime Commissioner for Norfolk - Group and PCC Statement of Accounts 31 March 2018", other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014 Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.



Audit Report

Our proposed opinion on the financial statements

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer to the Police and Crime Commissioner

As explained more fully in the “Statement of Responsibilities for the Statement of Accounts” set out on page 4, the Chief Financial Officer to the Police and Crime Commissioner is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.



Audit Report

Our proposed opinion on the financial statements

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Police and Crime Commissioner for Norfolk had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Norfolk put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

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

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

Certificate

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

Use of our report

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



Audit Report

Our proposed opinion on the financial statements - Chief Constable

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

Opinion

We have audited the financial statements of the Chief Constable of Norfolk Police for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the Chief Constable of Norfolk Police Movement in Reserves Statement, Chief Constable of Norfolk Police Comprehensive Income and Expenditure Statement, Chief Constable of Norfolk Police Balance Sheet, Chief Constable of Norfolk Police Cash Flow Statement, Chief Constable of Norfolk Police Pension Fund Account, the related notes 1 to 19 and the Expenditure and Funding Analysis to the Chief Constable Accounts.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of the Chief Constable of Norfolk Police as at 31 March 2018 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

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

Conclusions relating to going concern

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

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



Audit Report

Our proposed opinion on the financial statements

Other information

The other information comprises the information included in the “The Chief Constable of Norfolk Constabulary – Statement of Accounts 31 March 2018”, other than the financial statements and our auditor’s report thereon. The Chief Financial Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014 Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Chief Constable for Norfolk Police put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Matters on which we report by exception

We report if:

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

We have nothing to report in these respects.



Audit Report

Our proposed opinion on the financial statements

Responsibilities of the Chief Financial Officer

As explained more fully in the “Statement of Responsibilities for the Statement of Accounts” set out on page 4, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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



Audit Report

Our proposed opinion on the financial statements

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

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

Certificate

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

Use of our report

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



04 Audit Differences





Audit Differences

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

Summary of adjusted differences

We have included all known amounts greater than £0.262 million relating to the PCC Group, £0.1 million (PCC), £0.237 million (CC) and £0.044 million (Police Pension Fund) in our summary of misstatements. We highlight the following misstatements in the financial statements identified during the audit. These have been corrected by management:

1. Pension Adjustments

The PCC and CC are admitted bodies within the Norfolk Pension Fund. The PCC and CC are reliant upon the Pension Fund's Actuary to provide it with the relevant information in relation to the PCC's and CC's share of assets and liabilities of the Pension Fund (through an IAS19 report) for inclusion within its financial statements.

The Actuary, within its IAS19 report (dated April 2018) estimated the Pension Fund asset value as at the 31 March 2018 and the PCC and CC used the estimated figure within their draft financial statements. Our audit procedures focus on securing appropriate assurances from the Norfolk Pension Fund auditor. These procedures, identified that the actual asset valuation at the 31 March 2018 was £50.7 million greater than the Actuary's estimate. The PCC's share of this increase is £0.022 million and the CC's share of this increase is £2.864 million.

Given that the difference for the CC is approaching our materiality level (£4.731 million) we asked the CC to liaise with the Pension Fund Actuary given the impact on the CC's financial statements. The Pension Fund Actuary has, in light of the significance of the identified difference in asset valuations at an admitted body level, updated the IAS 19 report that it provided to the CC, taking into account the actual year end asset valuations. The Actuary also updated the IAS 19 report in relation to the impact of the asset valuation change on other figures reported by the CC. The CC has adjusted the revised financial statements using the revised figures from the updated IAS 19 report, an actual movement of the assets of £1.781 million for the CC and £1.794 million for the PCC Group. This adjustment is a result of a timing difference between an estimate made by the Actuary, and information that has become available since the time of their initial report. The PCC and CC correctly used the information provided within the original IAS 19 report within its draft financial statements.



Audit Differences (continued)

Summary of adjusted differences

Disclosure Adjustments

1. Employees' Remuneration.

The PCC and CC have amended the banding range and narrative within the PCC Note 9 and CC Note 10 for Employees' Remuneration. The amendment reflects that the salary of the Chief Finance officer for the PCC and CC as it relates to each of the stand alone entities rather than the group banding range.

The PCC and CC have included final figures for the 'Benefit in Kind' disclosures within the PCC Note 9 and CC Note 10 for Employees' Remuneration as the information was not available at the time PCC and CC published the draft financial statements. This has resulted in a change to the salary for the Chief Constable.

The PCC has included the expenses for the former PCC and Deputy PCC in the 2016/17 comparative disclosure which were omitted in the draft financial statements.

2. Contingent Liabilities

The PCC and CC have amended Notes 19 and 23 for Contingent Liabilities in relation to Capped Overtime Claims to remove reference to the provision. This is because an item under IAS 37 can only be either a provision or a contingent liability but not both, The note now only refers to the contingent liability relating to officers at the Eastern Regional Special Operations Unit.

3: Note 27: Movement in Reserves Statement

The PCC has amended the comparative 2016/17 column in Unusable Reserves covering the capital adjustments account and the use of capital receipts to fund asset purchases, which did not cast by £0.723 million as the sum had been omitted from the table in the draft set of financial statements. The Note covering the 2017/18 disclosure also omitted the sum of £0.173 million.

There were a number of other disclosure amendments, including to the Annual Governance Statement as set out in Section 6. We do not consider that the other disclosure amendments require reporting.

Summary of unadjusted differences

Unadjusted Audit Differences

There are no uncorrected misstatements.



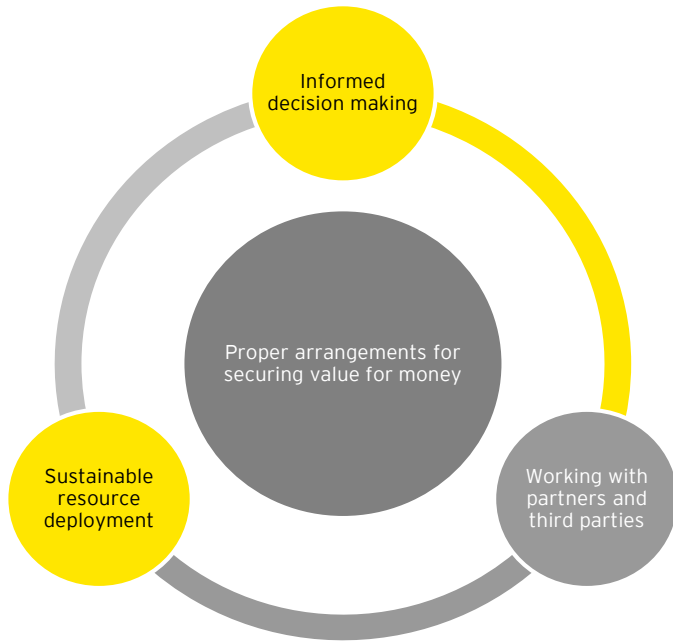
05

Value for Money Risks





Value for Money



Background

We are required to consider whether the PCC and the CC have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on their use of resources. This is known as our value for money conclusion.

For 2017/18 this is based on the overall evaluation criterion:

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

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

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

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

Overall conclusion

We identified one significant risk around these arrangements within our 15 December 2017 Audit Plan. The table below presents our findings in response to the risks identified and any other significant weaknesses or issues we want to bring to your attention.

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

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Value for Money Risks

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

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

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

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

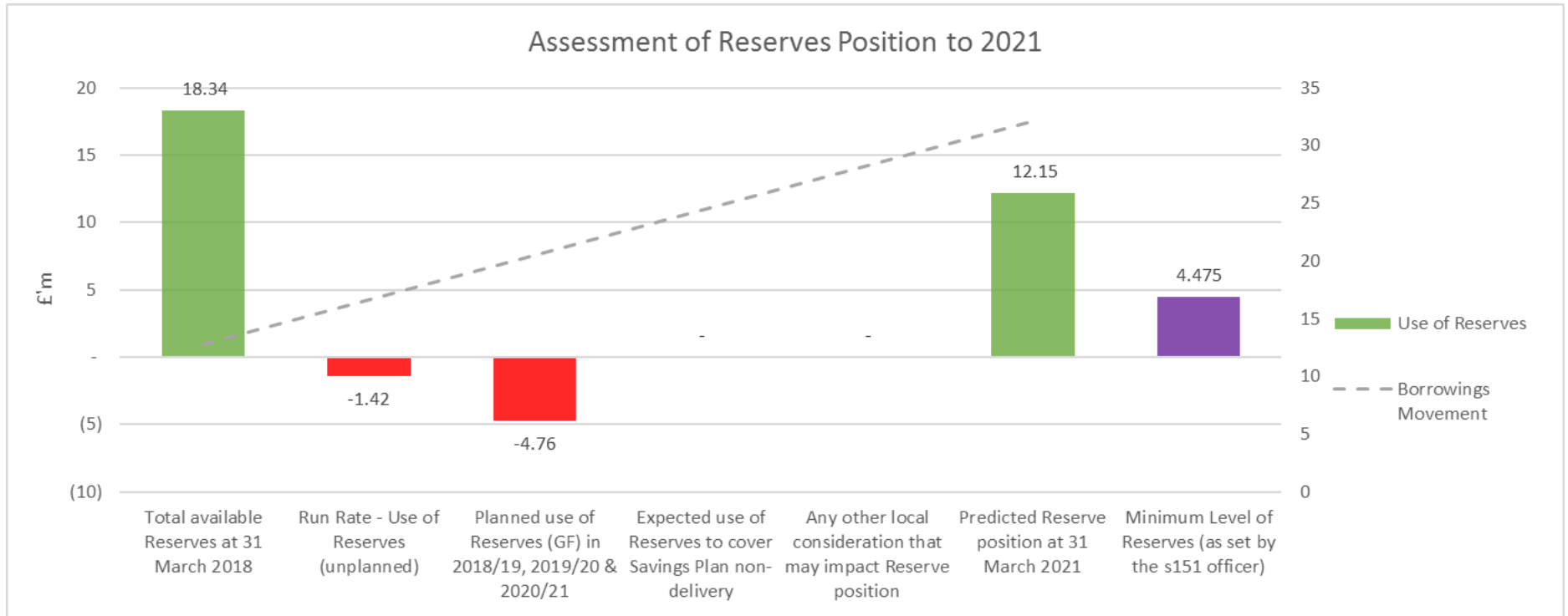
What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>Achievement of Savings Needed over the Medium Term</p> <p>The PCC and CC continue to face significant financial challenges over the next three years, with a forecasted underlying budget gap of £2.96 million by 2020/21, after taking into account proposed Council Tax increases of 1.986% per annum.</p> <p>The budget gap is reliant upon the cumulative delivery of £7.0 million savings and the planned use of reserves of £14.0 million. This would reduce the underlying reserve balance to £6.0 million as at the 31 March 2021. Given the level of the savings required and the reserves being used, this presents a risk to the PCC’s and CC’s finances over the medium term.</p>	<p>Sustainable resource deployment</p>	<p>We have undertaken the procedures as set out in our audit strategy through our review of the HMIC’s 2017/18 Peel Report and the updated 2018/19 MTFP and savings plans.</p> <p>The work of HMIC on its PEEL assessment. HMIC’s 2017 review classified the CC as good for effectiveness, efficiency and legitimacy. The Efficiency Report judged the CC to be outstanding in its understanding of demand and good in its use of resources to manage demand and its planning for future demand.</p> <p>The key assumptions made within the 2018/19 annual budget The process for setting the PCC’s and CC’s budget is sound. We concluded that the MTFP identifies the key assumptions expected to underpin the 2018/19 budget. Management use scenario planning effectively to provide guidance to the PCC to make decisions on the level of precept to set.</p> <p>An assessment of the sensitivity of those assumptions underlying the 2018/19 MTFS Using sensitivity analysis, by taking into account the PCC’s and CC’s history of under and overspends, past savings achieved, planned use of reserves in 2018/19 and dependency on innovative income streams, we have determined that the PCC and CC should have sufficient reserves above the minimum level of £4.475 million in 2018/19.</p> <p>We also noted that the capital programme is fully funded. However, the PCC and CC have reported an underspend on the capital programme of £8 million on a £17 million budget, primarily due to slippage on the redevelopment of Great Yarmouth and Norwich Police Stations. We recommend that the PCC and CC improve their profiling of the capital budget to ensure delivery to timescales and objectives.</p>

Value for Money Risks - continued

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings? (Continued)
<p>Achievement of Savings Needed over the Medium Term</p> <p>The PCC and CC continue to face significant financial challenges over the next three years, with a forecasted underlying budget gap of £2.96 million by 2020/21, after taking into account proposed Council Tax increases of 1.986% per annum.</p> <p>The budget gap is reliant upon the cumulative delivery of £7.0 million savings and the planned use of reserves of £14.0 million. This would reduce the underlying reserve balance to £6.0 million as at the 31 March 2021. Given the level of the savings required and the reserves being used, this presents a risk to the PCC's and CC's finances over the medium term.</p>	<p>Sustainable resource deployment</p>	<p>The detailed plans being developed to deliver the required savings</p> <p>The updated MTFS shows an updated savings requirement of £9.204 million by 31 March 2022, including a budget gap of £4.613 million as there are unidentified savings arising in 2020/21 and 2021/22. The gap of £4.613 million is dependent on the:</p> <ul style="list-style-type: none"> • Delivery of the cumulative identified savings schemes of £4.591 million to 31 March 2022; and • Planned use of £9.3 million reserves to support the budget and capital financing. <p>The PCC and CC have a record of achieving savings plans. Our review of the £4.591 million saving scheme programme concludes the PCC and CC have arrangements and a timetable for their delivery.</p> <p>The MTFP forecasts that the planned use of reserves will reduce earmarked reserves from £13.9 million at 31 March 2018 to £5.5 million at 31 March 2022, with General Fund Reserves remaining constant at £4.475 million. The use of reserves beyond this level to support the budget is not sustainable.</p> <p>The PCC and CC need to continue to identify and deliver savings to replenish reserves especially should austerity continue.</p>



Value for Money



Our Assessment

In our assessment we considered:

- The PCC's and CC's level of savings requirement to balance the General Fund budget in each of the next 3 years;
- The PCC's and CC's planned use of reserves to support the General Fund budget in each of the next 3 years;
- The PCC's and CC's history of delivering savings plans and therefore the potential to call upon reserves to make up a shortfall in future savings plan delivery;
- The PCC's and CC's history of over or under spending on the General Fund budget, and the impact this trajectory would have on the use of General Fund reserves; and
- reliance upon any income other than grant income which has not been confirmed post 2018/19, upon which the PCC and CC are reliant.

The graph shows borrowing increasing over the next three years.

As a result of our assessment, we are satisfied that the PCC's and CC's General Fund reserve balance at the 31 March 2021 will remain above the PCC's and CC's approved minimum level of £4.475 million.



06 Other reporting issues



Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2017/18 with the audited financial statements

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

Financial information in the Statement of Accounts 2017/18 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement. We concluded that further information around the Forecast Medium Term Financial Plan and future level of reserves should be provided for context. In addition, given the number of findings, that disclosure of the eight audits for which Internal Audit issued a limited assurance opinion should be clearly set out. These amendments have been made. We have no other matters to report.

As regards the Narrative Report, we identified that the PCC / CC do not provide explanations for the meaning of the performance indicators used within the report and do not provide reasons for the more significant variances in performance between years, as required by the Code of Practice. The PCC and CC have declined to amend for these areas for 2017/18. **We recommend that the PCC/CC adhere to the code requirements fully in 2018/19 and onwards.**

Whole of Government Accounts

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

As the PCC/CC falls below the £500 million threshold for review as per the NAO's group instructions, we are not reporting any matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Other powers and duties

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

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

Other reporting issues

Other matters

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

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

We have two matters to report to you:

1. Superfluous accounting policies within the CC accounts

The CC financial statements contain a number of accounting policies which are not applicable to the accounting transactions of the CC. The CC has declined to remove these from CC's accounts in 2017/18 but has amended the CC's Narrative Report to state that some accounting policies may not be applicable.

Only the relevant Accounting Policies that impact on the accounting transactions of the entity should be included within a set of financial statements.

We recommend that the 2018/19 Statement of Accounts only include the relevant accounting policies.

2. Movement in Reserves Statement

The PCC and CC have re-presented the 2017/18 Movement in Reserves Statement, which has involved the re-presentation also of the 2016/17 comparator Movement in Reserves Statement. The PCC and CC have updated the Explanation of Financial Statements note within the Narrative Report to reflect the amendment.



07

Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

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

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

We do, however, wish to report the following areas where improvements could be made to the operation or design of controls within the CC.

1. Calculation of employee contributions for both the local government and police pensions scheme

In our testing of the key control that the Payroll System automatically calculates the payroll correctly each month, our audit work identified three control exceptions where the system calculated employee pension contributions using the incorrect pension percentage rate. This arises as the payroll system does not update the new pensions contribution rate for those employees who during the year have moved into a new payroll banding. The impact is on the Police Pension Fund financial statements. We requested that the CC undertake a further analysis to quantify the full impact on the financial statements. We have reviewed the CC's quantification of the likely error and have agreed that the impact is below our reporting threshold for this year.

Recommendation - The PCC and CC should expedite current discussions with their software provider to reach a prompt solution to rectify the pension rate control weakness.

1. Evidence to support the pay pint and banding to which officers and staff are entitled

As part of the controls test on the automatic calculation of the payroll each month, we undertook a test of detail to agree the salary paid to the contract of employment with that employee. We found three employees who did not have direct supporting evidence including a valid contract of employment and job evaluation forms to support the pay banding and pay point of the officers. We have accepted alternative information provided by the Constabulary to indicate that the members of staff were entitled to their actual rate of pay.

Recommendation - The PCC and Constabulary need to design procedures so that key documentation upon change of pay rates or job evaluation is retained on file for each employee.



09

Independence

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 15 December 2017.

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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 24 August 2018.



Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), the PCC and the CC, their directors and senior management and affiliates, including all services provided by us and our network to the PCC and the CC, their directors and senior management and 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 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Independence



Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2018 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in have been provided on a contingent fee basis. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Fee Analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have not undertaken non-audit work outside the National Audit Office's Code of Audit requirements.

	Final Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£'s	£'s	£'s
Total Audit Fee - PCC Code work	See Note 1	33,825	37,233
Total Audit Fee - CC Code work	See Note 1	15,000	16,546
Total Fees	See Note 1	48,825	53,779

Note 1:

We reported in our Audit Plan that the planned fees for 2017/18 are to be subject to a scale fee variation. This is due to the scale and nature of errors found in the 2016/17 audit, concerning the allocation of grant income between the PCC and CC and the incorrect classification of a prepayment of sums due to Police Pension Fund Pensioners. As a consequence of these errors, and in line with audit methodology, we increased our sample sizes to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality.

In addition, we have also incurred extra cost through the need to engage with our valuation expert in relation to assurances over the PCC's Property, Plant & Equipment valuations. We also need to consider the additional procedures that we have had to undertake in relation to identified and reported control weaknesses within this report. There have also been a few instances where we have encountered some other delays with the provision of adequate supporting information. We need to assess the full impact of these items once the audit is fully concluded. This will lead to a variation to the Scale Fee being levied. This additional fee will be discussed with management and is then subject to approval by the Public Sector Audit Appointments (PSAA Ltd).





We will confirm our final fees following the completion of our work and report this, either within our Annual Audit Letter or via a separate letter.







10 Appendices

Appendix A - Required communications with the PCC and CC




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

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit Plan - 15 December 2017
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit Plan - 15 December 2017
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 17 August 2018




Appendix C - continued

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about the PCC's and CC's ability to continue for the 12 months from the date of our report.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 17 August 2018
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - 17 August 2018
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the PCC and CC. ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the PCC and CC, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - 17 August 2018




Appendix C - continued

		 Our Reporting to you
Required communications	What is reported?	  When and where
Related parties	<p>Significant matters arising during the audit in connection with the PCC's and CC's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the PCC and CC 	Audit Results Report - 17 August 2018
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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - 15 December 2017</p> <p>Audit Results Report - 17 August 2018</p>

Appendix C - continued

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - 17 August 2018
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report - 17 August 2018
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - 17 August 2018

Appendix C

		Our Reporting to you
Required communications	 What is reported?	  When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 17 August 2018
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ 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 ▶ 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 ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ 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. 	Audit Results Report - 17 August 2018 Audit Results Report - 17 August 2018
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 17 August 2018
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 17 August 2018
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 17 August 2018
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan - 15 December 2017 Audit Results Report - 17 August 2018



Appendix B – Request for a Management representation letter

Request for a Management Representation Letter - PCC/Group



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



John Hummersone
Chief Finance Officer to Police & Crime Commissioner for Norfolk Police
Jubilee House
Falconers Chase
Wymondham
Norfolk
NR18 0WW.

17 August 2018

Ref:
Your ref:
Direct line: 01223 394547
Email: mh@odgson@uk.ey.com

Dear John,

Office of the Police & Crime Commissioner for Norfolk – 2017/18 financial year Request for a letter of representation

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

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

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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of the Office of the Police and Crime Commissioner for Norfolk ("the Group and PCC") for the year ended 31 March 2018.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Office of the Police and Crime Commissioner for

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2

Norfolk as of 31 March 2018 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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

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


A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and PCC the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. That you acknowledge as members of management of the Group and PCC, your responsibility for the fair presentation of the consolidated and PCC financial statements. We believe the consolidated and PCC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and PCC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and are free of material misstatements, including omissions. We have approved the consolidated and PCC financial statements.
3. You confirm that the Responsible Officer has:
 - Reviewed the accounts
 - Reviewed all relevant written assurances relating to the accounts, and
 - Made other enquiries as appropriate.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the PCC, we believe that the PCC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, that are free from material misstatement, whether due to fraud or error.
6. You believe that the effects of any unadjusted audit differences, if relevant, as set out in our Audit Results Report, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and single entity financial statements taken as a whole. Please specify the reasons for not correcting these misstatements.



Appendix E – Request for a Management representation letter (continued)

Request for a Management Representation Letter

 3

B. Fraud

1. You acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. You have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. That you have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Group or PCC's internal controls over financial reporting. In addition, you have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements.


You have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Group or PCC.

C. Compliance with Laws and Regulations

1. You have disclosed to us all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. That you have made available to us all minutes of the meetings of the PCC and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 24 August 2017.
4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the PCC related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.

 4

5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Group and PCC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

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

F. Subsequent Events

1. That other than described in the relevant note to the Group and PCC's financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Group audits

1. That there are no significant restrictions on your ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.



Appendix E – Request for a Management representation letter (continued)

Request for a Management Representation Letter



5

2. That the necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst PCC, subsidiary undertakings and associated undertakings.
3. You confirm that entities excluded from the consolidated financial statements are immaterial on a quantitative and qualitative basis.

I. Expenditure Funding Analysis

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

J. Going Concern

1. That you have made us aware of any issues that are relevant to the Group and PCC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

K. Ownership of Assets

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

L. Reserves

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

M. Valuation of Property, Plant and Equipment Assets

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
3. You confirm that the disclosures made in the consolidated and PCC financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and PCC financial statements due to subsequent events.
5. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
6. You confirm that for assets carried at historic cost, that no impairment is required.



6

N. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

O. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2016-2017.
2. You confirm that the content contained within the other information is consistent with the financial statements.

P. Specific Representations

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

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the PCC, the PCC's s151 officer and Chair of the Joint Audit Committee) on the proposed audit opinion date (currently 28 August 2018) on formal headed paper.

Yours sincerely

Mark Hodgson
Executive Director
Ernst & Young LLP
United Kingdom



Appendix E – Request for a Management representation letter (continued)


Request for a Management Representation Letter - Chief Constable



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working world

Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Tel: +44 1223 394400
Fax: +44 1223 394401
ey.com



INSTITUTE OF
CHARTERED ACCOUNTANTS
IN ENGLAND AND WALES

John Hummersone
Chief Finance Officer to the Chief Constable for Norfolk Police
Jubilee House
Falconers Chase
Wymondham
Norfolk
NR18 0WW.

17 August 2018

Ref:
Your ref:

Direct line: 01223 394547

Email: M.Hodgson@uk.ey.com

Dear John,

**Office of the Chief Constable for Norfolk – 2017/18 financial year
Request for a letter of representation**

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

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


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

General statement

That the letter of representations is provided in connection with our audit of the financial statements of the Office of the Chief Constable for Norfolk ("the CC") for the year ended 31 March 2018.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Office of the Chief Constable for Norfolk as of 31 March 2018 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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2

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

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

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the CC the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
2. That you acknowledge as members of management of the CC, your responsibility for the fair presentation of the CC's financial statements. We believe the CC financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the CC in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and are free of material misstatements, including omissions. We have approved the CC financial statements.
3. You confirm that the Responsible Officer has:
 - Reviewed the accounts
 - Reviewed all relevant written assurances relating to the accounts, and
 - Made other enquiries as appropriate.
4. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the CC, we believe that the CC has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, that are free from material misstatement, whether due to fraud or error.
6. You believe that the effects of any unadjusted audit differences, if relevant, as set out in our Audit Results Report, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and single entity financial statements taken as a whole. Please specify the reasons for not correcting these misstatements.



Appendix E – Request for a Management representation letter (continued)

Request for a Management Representation Letter



3

B. Fraud

1. You acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. You have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. That you have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the CC's internal controls over financial reporting. In addition, you have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements.

You have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the CC.

C. Compliance with Laws and Regulations

1. You have disclosed to us all known actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. That you have made available to us all minutes of the meetings of the CC and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 24 August 2018.



4

4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the CC related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the CC has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

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

F. Subsequent Events

1. That other than described in the relevant note to the CC's financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.



Appendix E - Request for a Management representation letter (continued)

Request for a Management Representation Letter



5

- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H. Expenditure Funding Analysis

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

I. Going Concern

1. That you have made us aware of any issues that are relevant to the CC's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

J. Ownership of Assets

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

K. Reserves

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

L. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

M. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2017-18.
2. You confirm that the content contained within the other information is consistent with the financial statements.

N. Specific Representations

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



6

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the Chief Constable, the CC's s151 officer and Chair of the Joint Audit Committee) on the proposed audit opinion date (28 August 2018) on formal headed paper.

Yours sincerely

Mark Hodgson
Executive Director
Ernst & Young LLP
United Kingdom

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