

Police and Crime Commissioner
for Norfolk / Chief Constable of
Norfolk Constabulary
Completion Report for Those Charged
with Governance

Year ended 31 March 2023

Report issued - 25 November 2024



Police and Crime Commissioner for Norfolk and Chief Constable for Norfolk
Constabulary
Jubilee House
Falconers Chase
Wymondham
Norfolk, NR18 0WW

25 November 2024

Dear Police and Crime Commissioner and Chief Constable

Completion Report for Those Charged With Governance

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Police and Crime Commissioner and the Chief Constable for Norfolk and the Joint Audit Committee (the Authority) with a detailed complete report covering our approach and outcomes of the 2022/23 audit.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for this audit year we have taken into account the SI and Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. Against this backdrop, we have also considered the Authority's service expectations.

The Police and Crime Commissioner and Chief Constable, as those charged with governance, have an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Police and Crime Commissioner and Chief Constable and Joint Audit Committee in fulfilling their role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw the Police and Crime Commissioner and Chief Constable and Joint Audit Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix E).

This report is intended solely for the information and use of the Police and Crime Commissioner and Chief Constable and Joint Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

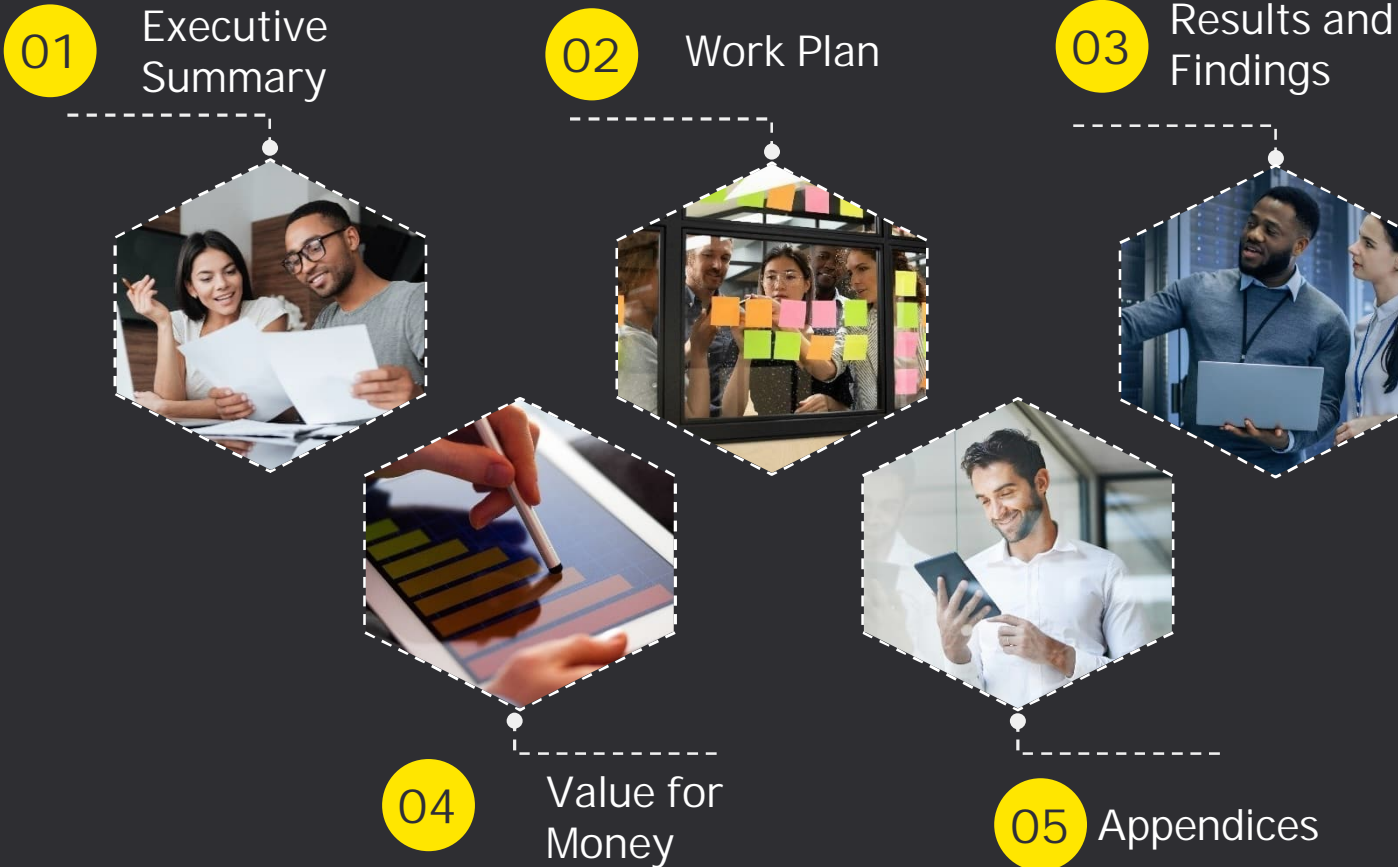
Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Police and Crime Commissioner, Chief Constable, Joint Audit Committee and management of Norfolk Police. Our work has been undertaken so that we might state to the Chief Constable, Police & Crime Commissioner, Joint Audit Committee and management of Norfolk Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Police & Crime Commissioner, Chief Constable, Joint Audit Committee and management of Norfolk Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary – System wide and local context

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays


Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting professions
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

DLUHC has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, which have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

As a result of the system wide implementation of backstop dates we anticipate issuing a disclaimed audit opinion on the Authority's 2022/23 accounts. The proposed disclaimer of the Authority's 2022/23 accounts impacts the audit procedures that we have planned and undertaken to gain assurance on the 2022/23 financial statements and the form of the audit report.



Executive Summary – Local context

Local Background and Context

The position at this Authority has developed over recent years resulting in unaudited financial statements for 31 March 2023.

The main reasons for the Authority's financial statements not being audited and signed to date include:

- ▶ The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, deal with current priorities and plan for the future. This used a significant amount of our finite audit resource, leading to a lack of capacity to move onto the 2022/23 audit year.
- ▶ There were also a number of new technical issues and challenges to address during this period, including, accounting for infrastructure assets, taking into account the updated pension fund valuations, which led to delays to a number of 2021/22 audit being completed across the local authority sector.
- ▶ In addition, at this Authority, there were specific issues in relation to a data breach issue identified in March 2023 which impacted on the 2021/22 financial statements and our value for money assessment, as well as the timetable for the completion of the 2021/22 audit. As a result, the opinion for 2021/22 was not issued until April 2024 and the Authority did publish its draft 2022/23 financial statements and hold the required inspection period until January 2024. These delays meant that we were unable to schedule the 2022/23 audit to meet backstop date of 13 December 2024.

We note that the Authority has been in a position to present draft statements of account for audit within the regulatory timeframe in recent years.



Executive Summary – Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 – Executive Summary – this section setting out the national and local context and the structure of our report.

Section 2 – Work Plan – We have completed the following planning tasks:

- ▶ Required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including through review of responses to inquiry letters, minute review and in discussion in our internal planning meeting,
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators or which may result in a modification to the audit report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 3 – Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, which we report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money, any matters that may result in the use of the auditor's powers.

Section 4 – Value for money reporting

- ▶ The value for money report covering the year to 31 March 2023.

Section 5 - Appendices



02 Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 04.

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

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

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

Given that the SI imposes a backstop date of 13 December 2024, by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£6.75 m

Group materiality for y/e 31 March 2023 has been set at £6.75 million, which represents 2% of 2023 gross expenditure on provision of services.

£2.80 m

PCC materiality for y/e 31 March 2023 has been set at £2.80 million, which represents 2% of 2023 gross assets.

£6.09 m

CC materiality for y/e 31 March 2023 has been set at £6.09 million, which represents 2% of 2023 gross expenditure on provision of services.

Performance materiality

£5.06 m

Group performance materiality for y/e 31 March 2023 has been set at £5.06 million, which represents 75% of planning materiality.

£2.10 m

PCC performance materiality for y/e 31 March 2023 has been set at £2.10 million, which represents 75% of planning materiality.

£4.57 m

CC performance materiality for y/e 31 March 2023 has been set at £4.57 million, which represents 75% of planning materiality.

Audit differences

£0.34 m

We will report all uncorrected misstatements for y/e 31 March 2023 relating to the primary statements greater than 0.34 million for Group; £0.14 million for PCC; £0.30 million for CC. Other misstatements identified will be communicated to the extent that they merit the attention of the Joint Audit Committee.

£0.14 m

£0.30 m

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the draft 2022/23 financial statements and based on our experience from the 2021/22 audit. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using a materiality levels set out above. This level of materiality remains appropriate for the actual results for the financial year.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Misstatement due to fraud or error (Group/PCC/CC)	31 March 2023	Fraud risk	No change in risk or focus	<p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>As noted below, One area susceptible to manipulation is the capitalisation of revenue expenditure on property, plant and equipment.</p>
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (Group/PCC)	31 March 2023	Fraud Risk	No change in risk or focus	<p>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.</p> <p>We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.</p>
Valuation of land and buildings within property, plant and equipment (PPE) (Group/PCC)	31 March 2023	Inherent risk	No change in risk or focus	<p>The fair value of land and buildings within property, plant and equipment (PPE) represent significant balances in the PCC and Group accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>The PCC engage an external expert valuer who apply a number of complex assumptions to these assets. Assets are assessed annually to identify whether there is any indication of impairment. As the PCC’s asset base is significant (£106.225 million for year ended 31 March 2023), and the outputs from the valuer are subject to estimation, there is a risk these assets may be under or overstated.</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>

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Valuation of pension liability - Local Government Pension Scheme (LGPS) and Police Pension Scheme (Group/PCC/CC)	31 March 2023	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council. The PCC must also do similar in respect of the Police Pension Scheme.</p> <p>The Group and CC pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheets of the PCC and CC. At 31 March 2023 this totalled £1.377.107 million (PY was £2.037.275 million)).</p> <p>The information disclosed is based on the IAS19 report issued to the PCC and CC by the actuary to the Norfolk Pension Fund and also the Police Pension Scheme. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>
Accounting for private finance initiative (PFI) (Group/PCC)	31 March 2023	Inherent risk	No change in risk or focus	<p>The PCC and CC disclose two PFI contracts within their financial statements for the use of Jubilee House, Operations and Communications Centre (OCC) and the use of six Police Investigation Centres (PIC) shared with the Police and Crime Commissioner for Suffolk. At 31 March 2023, the PFI liability associated with the OCC and PIC were £22.679 million (PY was £23.373 million) and £30.771 million (PY was £31,848 million) respectively.</p> <p>The liability and payments for services are dependent upon assumptions within the accounting models underpinning the PFI scheme. As such Management is required to apply estimation techniques to support the disclosures within the financial statements.</p>

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Accounting for data breach issue (Group/PCC/CC)	31 March 2023	Inherent risk	New inherent risk	<p>During the 2021/22 audit, management reported one incident of data breaches that were discovered within the financial year 2022/23. These breaches were related to the handling of personal data in response to Freedom of Information (FOI) requests that were provided during the period 2021 and 2022.</p> <p>We assessed the financial impact of the data breach issues on the 2021/22 financial statements, against IAS37, <i>Provisions, Contingent Liabilities and Contingent Assets</i>, to assess the completeness and accuracy of the financial liability. We identified a judgemental uncorrected audit difference of £0.311 million related to the short-term provisions for compensations claims resulting from the data breach. In addition, we identified an uncorrected disclosure difference relating to contingent liabilities, due to a potential fine from the Information Commissioner’s Office (ICO) as a result of the data breach. The ICO’s work is still on-going and therefore the Authority may be subject to a financial penalty which needs to be reflected in the accounts.</p> <p>Considering the nature and extent of the error found, we have identified a higher inherent risk that the accounting for the data breach issue may not align with the accounting standards and the CIPFA Code requirements.</p>
Leases (Group/PCC)	31 March 2023	Inherent risk	New inherent risk	<p>The Group and the PCC have a number of leasing arrangements. Work undertaken in the 2021/22 audit identified that Norfolk PCC was the lessee for two operating leases for fire stations. It was identified that there were no formal signed lease agreements in place for these leases held by Norfolk PCC as lessee.</p> <p>Given the nature and extent of the error found, we have identified this as a higher inherent risk as the lease accounting may not be fully compliant with the accounting standards and the CIPFA Code requirements.</p>

Work Plan - Independence

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

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

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

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

Work Plan - Independence

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

Overall Assessment

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

Self-interest threats

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

In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary, agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, we can confirm there were no non-audit fees for the 2022/23 reporting year, so the current ratio of non-audit fees to audit fees is approximately nil:1. No additional safeguards are required.

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

Self-review threats

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

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

Management threats

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

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

Other threats

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

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



03 Results and findings

Results and findings

Status of the audit

Our audit work in respect of the Authority opinion is [substantially complete]. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion a current draft of which is included in this report

Value for Money

Our value for money (VFM) work is complete and reported in Section 04 of this report. We identified a risk of significant weakness in respect of governance. Having updated and completed the planned procedures in these areas we did identify a significant weakness. See Section 04 of the report for further details.

Audit differences

We did not identify any differences from our work.

Other Reporting Issues

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

The Comptroller and Auditor General has confirmed that he plans to issue his opinion and certificate on the 2022-23 Whole of Government Accounts on 22 November 2024. Given we expect to issue our 2022/23 audit report after that date but before the statutory backstop of 13 December 2024, we therefore expect to be able to certify completion of the audit as part of our final 2022/23 audit report.

We did not receive any questions or objections to the Authority's financial statements from any member of the public following the inspection period.

During the course of the audit, we became aware of instances of non-compliance with laws and regulations in relation to the data breach referred to in Section 04 of this report. This has required us to complete extended procedures to assess the risk to the financial statements, having completed these procedures we are satisfied that they do not lead to a material impact on the financial statements.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.



Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Norfolk Police. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Police and Crime Commissioner and Chief Constable for Norfolk Police and Joint Audit Committee.

Control observations

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

Independence

Further to our review of independence in Section 02 of this report we have not identified any issues to bring to your attention..



Results and findings

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;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

We have no other matters to report.

Results and findings – Draft Audit Report

Draft audit report - CHIEF CONSTABLE OF NORFOLK

Our draft opinion on the financial statements

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

Disclaimer of opinion

We were engaged to audit the financial statements of the Chief Constable of Norfolk for the year ended 31 March 2023. The financial statements comprise the:

- Chief Constable of Norfolk Comprehensive Income and Expenditure Statement,
- Chief Constable of Norfolk Balance Sheet,
- Chief Constable of Norfolk Movement in Reserves Statement,
- Chief Constable of Norfolk Cash Flow Statement,
- the related notes 1 to 17, including a summary of significant accounting policies and including the Expenditure and Funding Analysis; and
- The Chief Constable of Norfolk Police Pension Fund Accounting Statements

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Chief Constable of Norfolk. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We complete the audit of the 2021/22 financial statements in April 2024 and issued our audit opinion on 17 April 2024.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Results and findings – Draft Audit Report

Draft audit report - CHIEF CONSTABLE OF NORFOLK

Our draft opinion on the financial statements

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Chief Constable of Norfolk.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- We report to you, if we are not satisfied that the Chief Constable of Norfolk has made proper arrangements for securing economy, efficiency, and effectiveness in the use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Chief Constable's arrangements for the year ended 31 March 2023.

Results and findings – Draft Audit Report

Draft audit report - CHIEF CONSTABLE OF NORFOLK

Our draft opinion on the financial statements

Significant weakness in arrangements

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

Following the incidents, management instigated procedures to identify and notify all data subjects and undertook immediate actions and changes to the controls and procedures in handling FOI requests. In September 2023, the Chief Constable conducted an internal investigation to establish circumstances leading to the data breaches and to identify any learning as well as making recommendations to prevent further breaches. The internal investigation established that weaknesses in internal controls and inadequacies in the data protection procedures contributed to the data breaches.

In forming our assessment, we have considered and reviewed:

- The internal investigation report and the immediate mitigation report issued by the Chief Constable,
- Correspondence between the Chief Constable and ICO, and
- Management's assessment of the financial reporting implications of the data breaches.

Inadequate controls over FOI requests and data protection exposes the Chief Constable to breaches of legislation, as well as potentially significant losses and reputational damage.

The Chief Constable has taken action to remedy the situation and has disclosed a contingent liability in its 2022/23 financial statements in relation to the potential fine.

Noting that the implementation of these measures is currently in progress, we recommend the Chief Constable:

- Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.
- Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to internal and external audit as soon as they are identified.
- Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the Chief Constable, ensuring action plans to address any non-compliance are progressed in a timely manner.

This issue is evidence of weaknesses in proper arrangements for governance, including how the body ensures it makes informed decisions and properly manages its risk, particularly:

- how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements.

Results and findings – Draft Audit Report

Draft audit report - CHIEF CONSTABLE OF NORFOLK

Our draft opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities for the Statement of Accounts set out on page 1, 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 has 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 responsibility is to conduct an audit of the Chief Constable's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Chief Constable 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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Results and findings – Draft Audit Report

Draft audit report - CHIEF CONSTABLE OF NORFOLK

Our draft 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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Chief Constable of Norfolk had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of Norfolk put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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 of 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 (as amended) to satisfy ourselves that the Authority has made 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 Authority'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 in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of the Chief Constable of Norfolk, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 and the Chief Constable's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Luton

December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 25 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

Results and findings – Draft Audit Report

Draft audit report - THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Our draft opinion on the financial statements

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

Disclaimer of opinion

We were engaged to audit the financial statements of the Police and Crime Commissioner for Norfolk and Group for the year ended 31 March 2023. The financial statements comprise the:

- 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 Movement in Reserves Statement,
- Police and Crime Commissioner for Norfolk and Group Cash Flow Statement
- the related notes 1 to 32, including a summary of significant accounting policies and including the Expenditure and Funding Analysis; and
- Police Pension Fund Accounting Statements

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Police and Crime Commissioner for Norfolk and Group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We complete the audit of the 2021/22 financial statements in April 2024 and issued our audit opinion on 17 April 2024.

The backstop date and the wider requirements of the local audit system reset meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, we are disclaiming our opinion on the financial statements.

Results and findings – Draft Audit Report

Draft audit report - THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Our draft opinion on the financial statements

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Police and Crime Commissioner for Norfolk and Group.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

- We report to you, if we are not satisfied that the Police and Crime Commissioner and Group has made proper arrangements for securing economy, efficiency, and effectiveness in the use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Police and Crime Commissioner and Group's arrangements for the year ended 31 March 2023.

Significant weakness in arrangements

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

Following the incidents, management instigated procedures to identify and notify all data subjects and undertook immediate actions and changes to the controls and procedures in handling FOI requests. In September 2023, the Police and Crime Commissioner conducted an internal investigation to establish circumstances leading to the data breaches and to identify any learning as well as making recommendations to prevent further breaches. The internal investigation established that weaknesses in internal controls and inadequacies in the data protection procedures contributed to the data breaches.

Results and findings – Draft Audit Report

Draft audit report - THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Our draft opinion on the financial statements

In forming our assessment, we have considered and reviewed:

- The internal investigation report and the immediate mitigation report issued by the Police and Crime Commissioner,
- Correspondence between the Police and Crime Commissioner and ICO, and
- Management's assessment of the financial reporting implications of the data breaches.

Inadequate controls over FOI requests and data protection exposes the Police and Crime Commissioner to breaches of legislation, as well as potentially significant losses and reputational damage.

The Police and Crime Commissioner has taken action to remedy the situation and has disclosed a contingent liability in its 2022/23 financial statements in relation to the potential fine.

Noting that the implementation of these measures is currently in progress, we recommend the Police and Crime Commissioner:

- Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.
- Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to internal and external audit as soon as they are identified.
- Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the Police and Crime Commissioner, ensuring action plans to address any non-compliance are progressed in a timely manner.

This issue is evidence of weaknesses in proper arrangements for governance, including how the body ensures it makes informed decisions and properly manages its risk, particularly:

- how the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements.

Results and findings – Draft Audit Report

Draft audit report - THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Our draft opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities for the Statement of Accounts set out on page 1, 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Police and Crime Commissioner and Group'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 and Group either intends to cease operations, or has no realistic alternative but to do so.

The Police and Crime Commissioner and Group 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 responsibility is to conduct an audit of the Police and Crime Commissioner and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Police and Crime Commissioner 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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Results and findings – Draft Audit Report

Draft audit report - THE POLICE AND CRIME COMMISSIONER FOR NORFOLK

Our draft 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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner for Norfolk and Group had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Norfolk and Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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 and Group 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 (as amended) to satisfy ourselves that the Authority has made 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 Authority'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 and Group in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of the Police and Crime Commissioner for Norfolk and Group, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) 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 and Group and the Police and Crime Commissioner and Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Luton

December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in our Completion Report for Those Charged with Governance dated 25 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.



04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The 2024 Code has reduced the scope of the VFM reporting up to and including the 2022/23 financial year. However, in the February 2024 consultation on the new Code, the NAO stated that where auditors have begun or already undertaken work that no longer falls under the reduced scope, they may still report on it in accordance with paragraph 13 of Schedule 3 of the 2024 Code. EY are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

Risks of significant weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of committee reports;
- meetings with the Police and Crime Commissioner and Chief Constable, Chief Finance Officers, Service Director, Finance and Regional Services and the Chair of the Joint Audit Committee;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with management and the finance team.

We completed our risk assessment procedures and identified a risk of significant weakness in the Authority's arrangements.

Having completed our procedures to address this risk we concluded that there was a significant weakness in arrangements. As a result, we have matters to report by exception in our audit report.

VFM - Executive Summary (continued)

Reporting

We presented our Interim Value for Money Report for 2022/23 to the Joint Audit Committee on 23 July 2024.

The detailed arrangements and processes underpinning the reporting criteria were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23. These updates were reported in our Interim Value for Money Report and are not repeated in this report.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	During the prior year 2021/22 audit, we identified a risk of significant weakness which also impacted 2022/23. This is in relation to a data breach within responses to Freedom of Information (FOI) requests.	We identified a significant weakness in the governance arrangement where there were inadequate internal controls to prevent the data breach and the non-compliance with laws and regulations in relation to the data breach.
Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

During 2022/23, the Authority continued to manage the impact on finances from a number of issues such as demand led pressures, general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The year-end financial outturn report for 2022/23 showed a group revenue budget overspend of £0.241 million and the delivery of planned savings of £2.330 million.

During the year, the Authority have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services through regular budget monitoring reports taken to the Accountability and Performance Panel. The Authority recognises the financial challenges ahead.

The Authority set a balanced budget in 2023/24, with a planned use of reserves of £2.795 million. Since the Medium Term Financial Plan (MTFP) was approved in February 2023, inflation has continued to rise and impact costs over the year which is being closely monitored and managed by the Constabulary.

The following three years have a planned balanced budget (2024/25 to 2027/28). However, to deliver balanced budgets in the medium term, the Authority has planned use of reserves and also needs to both identify and achieve planned savings. We note that the Authority has built up reserves during recent years which are now being utilised and also has a proven track record of delivering efficiency savings.

The budget estimates have been produced on a prudent basis, with an emphasis on identifying the existing cost pressures the Authority faces and a realistic level of savings and efficiencies. The budget has been constructed so that all known costs are budgeted for, and income budgets are based on realistic projections. The budget is therefore constructed on a prudent basis, and we are satisfied with the robustness of the estimates.

The Authority had a total of £4.840 million in the general fund and £16.862 million in earmarked reserves as at 31st March 2023. We note there is a planned transfer in the 2023/24 budget to increase the general fund balance to £4.990 million. This provides useable resources if any potential unfavourable variances arise, or future savings are not identified or not fully achieved. This would enable the Authority to continue to deliver services in the medium term if such a scenario arose.

The Authority should however continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

The Authority has continued to manage governance considerations including joint working and collaboration with other Local Authorities, including Norfolk Police.

The Authority approved the 2022/23 Medium Term Financial Plan in February 2022, with further regular tracking and financial monitoring updates during the 2022/23 financial year. The reports are taken to the Police and Crime Panel for approval, which ensures that all Members are kept well informed of the process and financial performance of the Authority.

The Authority's Annual Governance Statement sets out the core governance arrangements for the year. This demonstrates how the Authority's code of governance arrangements reflect the principles of good governance. The Head of Internal Audit concluded that for the 2022/23 financial year, reasonable assurance may be awarded over the framework of governance, risk management and controls at the Authority.

The risk registers and risk management policy were also kept up to date in 2022/23. The risk registers focus on financial, operational and strategic risks. Risks on the registers are regularly monitored through the governance arrangements in place, in line with the risk management policy. The Strategic Risk Register is reviewed by the Joint Audit Committee on a quarterly basis, The Office of the Police and Crime Commissioner (OPCC) also produce their own Strategic Risk Register which is reviewed through the OPCC meeting structure, including Strategic Governance Board and Estates Governance Board.

The Authority has not been subject to a PEEL inspection during 2022/23, with the latest report published in October 2022. The 2022 inspection judged that Norfolk Constabulary is:

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

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

As part of our final reporting in our Auditor's Annual Report, we will follow up on the progress in implementing these action plans.

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks (continued)

Significant weakness identified

We confirmed that the 2022/23 draft financial statements were arithmetically correct, agreed to the data in the general ledger and were prepared in line with the content required by the CIPFA Code. The Authority has carried out bank reconciliations during the year. Therefore, appropriate arrangements for financial reporting were in place during 2022/23.

However, the Authority did not meet the requirements of the Accounts and Audit (England) Regulations 2015, as a complete set of financial statements with an appropriate inspection period were not published by the deadline of 31 May 2023. This was due to the ongoing data breach identified in 2021/22 which was both sensitive and not in the public domain at the time. The investigation had not been fully completed at the date the draft accounts were required to be published and therefore the full extent of the issue and actions required were not known. Authority management deemed it was not appropriate to publish the 2022/23 draft accounts, until they were satisfied that they showed a true and fair view of the Authority's position.

We note that the Authority published a notice that the audit of the 2022/23 accounts had not been completed and the reasons for this by the deadline of 30 September 2023, as required. The draft accounts were subsequently published on 29 December 2023.

The Authority has a track record of publishing their financial statements on time (including in prior year 2021/22). We also confirmed that the financial statements were largely completed and prepared following the usual financial year closedown and accounts preparation timeline for 2022/23 but were not published for the reasons noted above. Therefore, we are satisfied this is an isolated issue impacting the timely publishing of the financial statements for 2022/23 and does not represent a significant VFM weakness.

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks (continued)

Significant weakness identified

Significant weakness key findings:

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

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

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

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

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

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

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

We therefore concluded that there was significant weakness in the Norfolk PCC/CC's governance arrangements, in particular related to:

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

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks (continued)

Significant weakness identified

Recommendation:

Our work has identified a significant weakness in the arrangements of Norfolk PCC/CC for governance, in relation to a data breach within responses to Freedom of Information (FOI) requests. The inadequate controls over FOI requests and data protection exposes the Norfolk PCC/CC to breaches of legislation, as well as potentially significant losses and reputational damage.

We recommend that the Norfolk PCC/CC:

- Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.
- Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to Internal and External Audit as soon as they are identified.
- Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the PCC/CC, ensuring action plans to address any non-compliance are progressed in a timely manner.

Follow up on progress since 2021/22 reporting:

Given that the 2021/22 Auditor's Annual Report was issued in May 2024, there has not been a significant amount of time passed to provide a meaningful progress update. This will be revisited in our subsequent reporting within our 2022/23 Final VFM Report and/or the 2023/24 Auditors Annual Report.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Constabulary has an array of performance metrics, including organisational goals for the next 12 months, across all aspects of its operations against the key priorities that are set out in the Police and Crime Plan 2022-24.

The Authority also prepares the Medium-Term Financial Plan (2022/23-2025/26) over a 4-year period.

This Police and Crime Plan sets the direction for policing in Norfolk for the coming years; it is a bespoke strategic plan for the County, tailored to the needs of Norfolk and the communities served by the Constabulary. The planned objectives are matched with a planned activity to deliver the Police and Crime Plan.

Performances are reported to the PCC in the bi-monthly PCC Accountability Meetings (PAM). Where performance is below plan, this is followed up on to seek the required improvements. Depending on the performance area, the PCC will have oversight of the actions being identified and taken to address the areas identified for improvement.

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

The Authority has a procurement strategy to ensure services and goods are procured in line with relevant legislation, professional standards and internal policies. Contract management arrangements monitor the delivery of services and goods.

There are service level agreements for joint and collaboration working arrangements, and formal protocols for entering new arrangements.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services.



05 Appendices

Appendix A – Management representation letter

Management representation letter DRAFT

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the Authority financial statements of Norfolk Police ("the authority") for the year ended 31 March 2023. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the authority financial position of Norfolk Police as of 31 March 2023 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our Authority financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you 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, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the Authority 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 Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the authority financial statements are appropriately described in the authority financial statements.

Appendix A – Management representation letter

Management representation letter DRAFT

Management Rep Letter

5. As members of management of the authority, we believe that the authority have 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 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), for the Authority that are free from material misstatement, whether due to fraud or error.
6. We confirm the authority does not have securities (debt or equity) listed on a recognized exchange.
7. We have confirmed to you any changes in service organizations within the authority since the last audited financial year.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the Authority financial statements may be materially misstated as a result of fraud.

Appendix A – Management representation letter

Management representation letter - DRAFT

Management Rep Letter

C. Information Provided and Completeness of Information and Transactions

1. We have provided you 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;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (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: *[list date]*.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the authority's related parties and all related party relationships and transactions of which we 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 Authority financial statements.

4. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We have disclosed to you, and the authority has complied with, all aspects of contractual agreements that could have a material effect on the Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Appendix A – Management representation letter

Management representation letter - DRAFT

Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the Authority financial statements, including disclosures.

D. Liabilities and Contingencies

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

E. Going Concern

1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note [X] to the Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Statement and also the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the authority have reflected these in the consolidated and parent financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Police and Crime Commissioner and Chief Constable)

Appendix B – Fees

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

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

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year 2022/23	Prior Year 2021/22
	£	£
Total Fee - Code Work - PCC	34,295	26,045
Total Fee - Code Word - CC	16,288	11,550
Other - scale fee variation - PCC	TBC	25,558
Other - scale fee variation - CC	TBC	25,958
Total audit	TBC	89,111
Other non-audit services not covered above (Housing benefits)	0	0
Total other non-audit services	0	0
Total fees	TBC	89,111

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23.

As set out in the joint statement PSAA Ltd will use its fee variation process to determine the final fee the Authority has to pay for the 2022/23 audit. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
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 ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

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 	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	This Completion report for Those Charged with Governance
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 entity ▶ 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 entity, any identified or suspected fraud involving: <ol 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 ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

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 entity'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 entity 	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <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>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

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 	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ 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 	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance
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. 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and
Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year covered in this report, 2022/23.

All recommendations have been agreed by management.

As noted in this report, our vfm work has identified a significant weakness in the arrangements of Norfolk PCC/CC for governance, in relation to a data breach within responses to Freedom of Information (FOI) requests. The inadequate controls over FOI requests and data protection exposes the Norfolk PCC/CC to breaches of legislation, as well as potentially significant losses and reputational damage.

We recommend that the Norfolk PCC/CC:

Implement the recommendations from the internal investigation report to address the weaknesses in internal controls and inadequacies in the data protection procedures as a priority.

Put arrangements in place to ensure that any suspected non-compliance of regulations from any department are reported to Internal and External Audit as soon as they are identified.

Address any suspected non-compliance with regulations in a timely manner by reporting any such concerns to a suitable Committee of the PCC/CC, ensuring action plans to address any non-compliance are progressed in a timely manner.

Follow up on progress since 2021/22 reporting:

Given that the 2021/22 Auditor's Annual Report was issued in May 2024, there has not been a significant amount of time passed to provide a meaningful progress update. This will be revisited as part of our 2023/24 audit work and subsequent reporting

Appendix F – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Authority should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix G – Other Communications

EY Transparency Report 2023

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 28 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).

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