

Police and Crime Commissioner for Norfolk
Chief Constable for Norfolk Constabulary

Audit Results Report

Year ended 31 March 2024

26 February 2025





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

26 February 2025

Dear Sarah and Paul

2023/24 Audit Results Report

We are pleased to attach our updated Audit Results Report, summarising the status of our audit following the meeting of the Joint Independent Audit Committee on 20 February 2025. This update provides details on further progress since that date and explains the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Police and Crime Commissioner (PCC) and Chief Constable (CC) accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The PCC and CC for Norfolk Police, as those charged with governance, have an essential role in ensuring that they have assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the PCC and CC's external financial reporting arrangements and the effectiveness of the Joint Independent Audit Committee in fulfilling its 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.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 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).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

(continued)

As reported in our 25 November 2024 Audit Completion Report, we issued a disclaimed audit report on the PCC and CC's financial statements for 2022/23 under the arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This report is intended solely for the information and use of the PCC, CC, Joint Independent Audit Committee and management of Norfolk Police, 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 (<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>). 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 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 PCC, CC, Joint Independent Audit Committee and management of Norfolk Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the PCC, CC, Joint Independent Audit Committee and management of Norfolk Police those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the PCC, CC, Joint Independent Audit Committee and management of Norfolk Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary – Context for the audit

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 profession
- 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.

MHCLG (formerly 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. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists 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, starting from 2023/24, 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. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

Executive Summary (cont'd)

Expected modification to the audit report

As reported in our 25 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the PCC and CC'S 2022/23 financial statements under the Government's legislative arrangements to reset and recover local government audit (Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance). The reasons for the 2022/23 disclaimed audit report were set out in our 2022/23 Audit Completion Report.

As set out within this report we have been able to complete our planned programme of work, obtaining the planned assurances over closing balances and in-year transactions.

However, as a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and therefore some closing balances (particularly Reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. We did not plan to rebuild this assurance in our 2023/24 audit.

Taken together, and alongside the requirement to conclude the 2023/24 audit by the legislative back stop date of the 28 February 2025, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This is in line with the Government's legislative arrangements set out above and specifically the 'Recovery phase' of those arrangements and with guidance issued by the Financial Reporting Council (FRC) within their 'Accessible Guide' which sets out a minimum 3-year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements.

We will reflect on the impact of the areas where we did not gain our planned assurances in 2023/24, through our 2024/25 audit planning and set out our timeline for re-building audit assurance within our Audit Plan.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed for 2023/24.



Executive Summary (cont'd)

Scope update

In our Provisional Audit Planning Report presented at the 23 July 2024 Joint Independent Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this Plan.

Status of the audit

Our audit work in respect of the PCC and CC's financial statements and our 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 review to the date of our audit report;
- ▶ Receipt and final review of revised Statement of Accounts; and
- ▶ Receipt of the signed management representation letter and Statement of Accounts.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Statement of Accounts which could influence our final audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.



Executive Summary (cont'd)

Value for money

In our Provisional Audit Planning Report dated 4 July 2024, we reported that we had not completed our value for money (VFM) risk assessment. Having updated and completed the risk assessment we identified a risk of significant weakness in respect of data breaches within responses to Freedom of Information (FOI) requests. See Section 03 of this report for further details.

Audit differences

- ▶ We have not identified any uncorrected misstatements to the primary statements (Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement).
- ▶ Management have corrected misstatements amounting to £12.362 million in relation to the pension liability See Section 04 of this report for further details.
- ▶ A small number of disclosure misstatements have been corrected by management.

Other reporting issues

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

We will complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts on the completion of our audit. Until the NAO has confirmed whether they require us to undertake any additional procedures we are not able to issue our audit certificate.

We are aware of one instance of non-compliance with laws and regulations in relation to the data breach referred to in Section 03 of this report. This required us to complete extended procedures in order to assess the risk to the financial statements. Having completed these procedures we are satisfied that they do not have a material impact on the financial statements.

Executive Summary (cont'd)

Areas of audit focus

In our Provisional Audit Planning Report, we identified a number of key areas of focus for our audit of the financial report of Norfolk Police. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Significant risk: Misstatements due to fraud or error

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

Significant risk: Inappropriate capitalisation of revenue expenditure

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

Inherent risk: Valuation of property, plant and equipment

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

Inherent risk: Valuation of pension liability

- ▶ We have completed all planned procedure. We identified a misstatement which has been corrected by management. The impact of this on the Group financial statements decreases total comprehensive expenditure in the Comprehensive Income and Expenditure Statement by £12.362 million. See Section 02 of this report for further details.

Inherent risk: Accounting for Private Finance Initiative (PFI)

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

Inherent risk: Accounting for data breach issue

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

Inherent risk: Leases

- ▶ We have completed all planned procedures. No significant matters were identified in the financial statements, however we have made an observation in relation to controls.

Area of focus: Implementation of IFRS 16 leases

- ▶ We have completed all planned procedures. No significant matters were identified in the completion of our work.

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 PCC and CC or Joint Independent Audit Committee.



Executive Summary (cont'd)

Control observations

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

We have, however, identified observations and improvement recommendation in relation to management's financial processes and controls. These relate to the differences identified in payroll control accounts and issues with lease agreements. Further details are included in Section 06 of this report.

Independence

Please refer to Section 08 for our update on Independence. We have not identified any independence issues at the date of this report.

A close-up photograph of a person's hand holding a white marker, pointing at a bar chart displayed on a tablet. The chart features several bars in shades of green, yellow, and red, set against a blue grid background. The person is wearing a blue suit jacket and a dark tie.

02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error (fraud risk)

What is the risk, and the key judgements and estimates?

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.

We identify and respond to this fraud risk on every audit engagement.

As part of our work to identify fraud risks during the planning stages, we identified capitalisation of revenue expenditure as the key area at risk of manipulation. This is set out at page 14.

Our response to the key areas of challenge and professional judgement

We performed the following standard procedures to address the fraud risk:

- ▶ Identified fraud risks during the planning stages;
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud;
- ▶ Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions);
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determined an appropriate strategy to address those identified risks of fraud; and
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ testing of journal entries and other adjustments in the preparation of the financial statements;
 - ▶ testing any significant unusual transactions to determine whether they are in the ordinary course of business; and
 - ▶ assessing significant accounting estimates and judgments to determine whether there is evidence of management bias.

What are our conclusions?

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

- ▶ Our walkthrough testing included considering what controls are in place to address significant risks. We concluded that these are mainly year end processes, including management review of the draft financial statements. We confirmed that these controls were in place, although our approach was not to rely on controls.
- ▶ We have not identified any material weaknesses in controls or evidence of material management override. We identified one control weakness to report in respect of control accounts as detailed in Section 06 of this report.
- ▶ We did not identify any transactions during our audit which appeared unusual or outside the ordinary course of business.
- ▶ We have not identified any instances of inappropriate judgments being applied.

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

Areas of Audit Focus (cont'd)

Inappropriate capitalisation of revenue expenditure (fraud risk)

What is the risk, and the key judgements and estimates?

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.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Tested property, plant and equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature in line with the definition of capital expenditure in IAS 16:
 - ▶ Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
 - ▶ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Identified and tested journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

We have not identified any PPE additions that were incorrectly capitalised, or which did not meet the statutory definition.

Our testing of year end journals did not identify any movements from expenditure to capital outside of the normal course of business.

Areas of Audit Focus (cont'd)

Valuation of property, plant and equipment (Inherent risk – Group/PCC)

What is the risk, and the key judgements and estimates?

The fair value of property, plant and equipment (PPE) represent significant balances in the Group and the PCC's accounts at £104.731 million for year ended 31 March 2024 (prior year was £106.225 million). The land and building assets, which form the main part of this balance, are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year end balances recorded in the balance sheet.

The valuation basis varies depending on the type of assets, and therefore subject to different input, estimation process and assumptions used.

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.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Performed testing of key assumptions and methodologies on a sample of assets and considered the reasonableness of the estimation techniques employed;
- ▶ Sample tested key asset information used by the valuer in performing their valuation, and agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considered if there are any specific changes to assets that have occurred and that these had been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code;
- ▶ Reviewed assets not subject to valuation in 2023/24 to confirm that the remaining asset base is not materially misstated;
- ▶ Tested accounting entries have been correctly processed in the financial statements; and
- ▶ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty.

What else did we do and further relevant information

We considered the need to use EY Real Estates, our internal specialists on asset valuations, to support our work in this area and determined that this was not required.

Areas of Audit Focus (cont'd)

Valuation of property, plant and equipment (Inherent risk – Group/PCC) – cont'd

What are our conclusions?

- We did not identify any issues from our review of the work performed by the valuer over the PCC's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed.
- We did not identify any specific changes to assets that had occurred that required communication to the valuer.
- We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation.
- All assets had been appropriately revalued within the PCC's 5 year rolling programme.
- Testing of accounting entries confirmed they had been correctly processed in the financial statements.

We did note, however, that the valuation date was 1 July 2023, with a desktop review to cover the period to 31 March 2024, a period of some nine months. The timing of the valuation increases the risk of material movements between the valuation date and year end. We therefore recommend that the PCC consider the timing of valuations in future years to minimise the risk of material changes occurring between the valuation date and 31 March.

Impact of prior year disclaim

Although our testing has provided assurance over the material accuracy of the valuation of property, plant and equipment as at 31 March 2024, we do not have full assurance over the overall value in the PCC's Balance Sheet at that date as we have not tested additions and disposals and valuations in 2022/23 due to the opinion on that year being disclaimed. Therefore, we do not have assurance over the completeness and accuracy of movements and valuations in 2022/23 and the resulting asset base for 2023/24.

See Appendix A – Summary of assurances for further detail on assurance obtained in 2023/24.

Areas of Audit Focus (cont'd)

Valuation of pension liability (Inherent risk – Group/PCC/CC)

What is the risk, and the key judgements and estimates?

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

The respective PCC and CC pension valuation is a material estimated balance, and the Code requires that this is disclosed on the Balance Sheet of the PCC and CC. At 31 March 2024 these totalled:

- PCC - £nil million pension liability/asset (PY was £0.717 million pension asset); and
- CC - £1,404.392 million pension liability (PY was £1,377.824 million pension liability).

The information disclosed is based on the IAS 19 report issued to the PCC and CC by the actuary to the Norfolk Pension Fund and the Police Pension Scheme.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Norfolk Police;
- ▶ Assessed the work of the LGPS pension fund actuary (Hymans Robertson) and the Police Pension actuary (GAD), including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considered any relevant reviews by the EY actuarial team;
- ▶ Determined whether an asset ceiling, as required by IFRIC 14, has been appropriately applied to any pension asset;
- ▶ Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Group, PCC and CC financial statements in relation to IAS19.

Areas of Audit Focus (cont'd)

Valuation of pension liability (Inherent risk – Group/PCC/CC) – cont'd

What are our conclusions?

- We have received assurance from the Norfolk Pension Fund auditor with regard to the information supplied to the actuary. This identified a difference on investment assets, however this had already been taken into account as part of the amendment for the asset ceiling detailed below.
- We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have followed up on relevant points and have not identified any issues.
- Our procedures to determine our own estimate for the PCC and CC's pension balance found that the balance calculated by the actuary fell within our reasonable range.
- We agreed the PCC and CC's IAS 19 disclosures to the actuaries' report to ensure these are fairly stated in the accounts.
- The LGPS balance as at 31 March 2024 was an asset and as such requires application of an asset ceiling under IFRIC 14. As the asset ceiling existed prior to 2023/24, management subsequently requested updated IAS19 reports from the actuary which included the impact of IFRIC 14. The impact of these updated IAS19 reports identified that the draft statements for both 2022/23 and 2023/24 were misstated. Management amended the 2022/23 statement of accounts in advance of the conclusion of the audit and issue of the disclaimed opinion for 2022/23. This subsequently impacted the 2023/24 statement of accounts, which have been amended to reflect this change. The adjustment decreases total comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement by £12.362 million. Further details can be found in Section 04 of this report.

Areas of Audit Focus (cont'd)

Accounting for Private Finance Initiative (PFI) (Inherent risk – Group/PCC)

What is the risk, and the key judgements and estimates?

The PCC and CC disclose two PFI contracts within their financial statements for the use of Jubilee House, Operations and Communication Centre at Wymondham and the use of six Police Investigation Centres shared with the Police and Crime Commissioner for Suffolk. At 31 March 2024, the PCC's share of the PFI liability was £51.540 million (PY was £53.451 million).

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.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Enquired whether there have been any significant changes within the model since our previous review;
- ▶ Reviewed and assessed the impact of any changes in assumptions upon the model; and
- ▶ Agreed the models to the disclosures within the financial statements.

We considered the need to use EY FAAS, our internal specialists on PFI valuations, to support our work in this area and determined that this was not required.

What are our conclusions?

We have not identified any significant changes to the accounting model.

No issues were identified in our testing of PFI disclosures within the financial statements.

Areas of Audit Focus (cont'd)

Accounting for data breach issue (Inherent risk – Group/PCC/CC)

What is the risk, and the key judgements and estimates?

While the 2021/22 audit was in progress, Management reported an incident of data breach that was discovered within the financial year 2022/23.

We assessed the financial impact of the data breach issues on the 2021/22 financial statements, against IAS37, Provisions, Contingent Liabilities and Contingent Assets, to assess the completeness and accuracy of the financial liability. The ICO's work is still on-going and therefore it is not possible to determine whether any financial penalty will be imposed which needs to be reflected in the accounts. We did not undertake any audit procedures in relation to these issues in 2022/23 due to the issue of the disclaimer opinion.

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.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Reviewed management's assessment on the provisions and contingent liability in relation to the data breach issue;
- ▶ Challenged and evaluated management's judgements and assumptions where provisions and contingent liabilities involve subjective estimates; and
- ▶ Reviewed the disclosures in the financial statements for completeness and compliance with the relevant accounting standards, ensuring that all required information is disclosed.

We also reviewed the arrangements in place to address the weaknesses in internal controls and inadequacies in the data protection procedures as part of our value for money assessment as reported in Section 03 of this report.

What are our conclusions?

No issues were identified in our testing of provisions and contingent liabilities within the financial statements.

Our work in relation to the arrangements in place to address the weaknesses in internal controls and inadequacies in the data protection procedures has been completed as set out in Section 03 of this report.

Areas of Audit Focus (cont'd)

Leases (Inherent risk – Group/PCC)

What is the risk, and the key judgements and estimates?

The Group and the PCC maintain a number of leasing arrangements, for fire stations.

During our 2021/22 audit, we identified that there was a lack of disclosure regarding a matter of judgement in relation to operating leases. The judgement pertains to the PCC's capital contributions toward the constructions of these assets, which were then capitalised as property, plant and equipment and depreciated over time. Our audit also identified that there were no formal signed lease agreements in place for most of the leases held by the PCC as lessee.

Given the nature and extent of the error found, we have identified a higher inherent risk that lease accounting may not be fully compliant with the accounting standards and the CIPFA Code requirements.

Our response to the key areas of challenge and professional judgement

We performed the following substantive procedures:

- ▶ Sample tested lease transactions to verify the accuracy, completeness and proper recording of leases.
- ▶ Evaluated whether the leases have been correctly classified as finance or operating leases in accordance with the relevant financial reporting framework;
- ▶ Inspected the original lease agreements for terms and conditions, lease durations, payment clauses, renewal options, and clauses related to termination, sublease or transfer;
- ▶ Tested accounting entries have been correctly processed in the financial statements; and
- ▶ Reviewed the disclosure made in the accounts in respect of leases to ensure adequacy.

We obtained and inspected the lease agreements to verify their existence and ensure they are fully signed with authorised signatures.

What are our conclusions?

We have not identified any issues with the classification, accounting or disclosure of leases.

Our sample testing of leases identified six lease agreements where there was no formal signed lease in place. This has no impact on the financial statements, but we have noted this as a control issue. See Section 06 of this report.

Areas of Audit Focus (cont'd)

Other Areas of Audit Focus

What is the risk/area of focus?

Implementation of IFRS 16 leases (Group/PCC)

IFRS 16 Leases introduces a number of significant changes to lease accounting which have the potential to impact on the real cost of leases disclosed in the accounts. The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

IFRS 16 does not come into effect for local authority until 1 April 2024. However, officers should be acting now to assess the Group and the PCC's leasing positions and secure the required information to ensure the Group and PCC will be fully compliant with the 2024/25 Code.

What did we do and what is our conclusion?

In response to this, we performed the following procedures:

- ▶ Reviewed the Group and PCC's data collection process that identifies all arrangements which convey the right to control the use of specified assets for a set period of time;
- ▶ Reviewed the Group and PCC's policy choices, including an adoption of a portfolio approach, the low value threshold set, the asset classes and the management policy in relation to discount rates to be used;
- ▶ Gained an understanding of the Group and PCC's preparedness to implement the changes. This included assessing the finance team's familiarity and understanding on the Code adaptations for the public sector, the transitional accounting arrangements, the ongoing accounting arrangements and determining when a lease requires remeasurement and modifications.

We reviewed the disclosure in the 2023/24 Statement of Accounts related to the impact the initial application of IFRS 16 is expected to have on the Group and PCC's financial statements.

Our conclusions are:

- Our review of the data collection process and policy choices, together with the proposed accounting arrangements for leases indicates that the PCC is on track to be fully compliant with IFRS 16 for 2024/25; and
- We identified an amendment to the disclosure in relation to IFRS 16 in Note 2 'Accounting Standards That Have Been Issued But Have Not Yet Been Adopted.' This should be expanded include more detail of the impact on the financial statements in order to fully meet the requirements of the Code for 2023/24.



03 Value for Money

Value for Money

The PCC and CC's responsibilities for value for money (VFM)

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

As part of the material published with its financial statements, the PCC and CC are required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

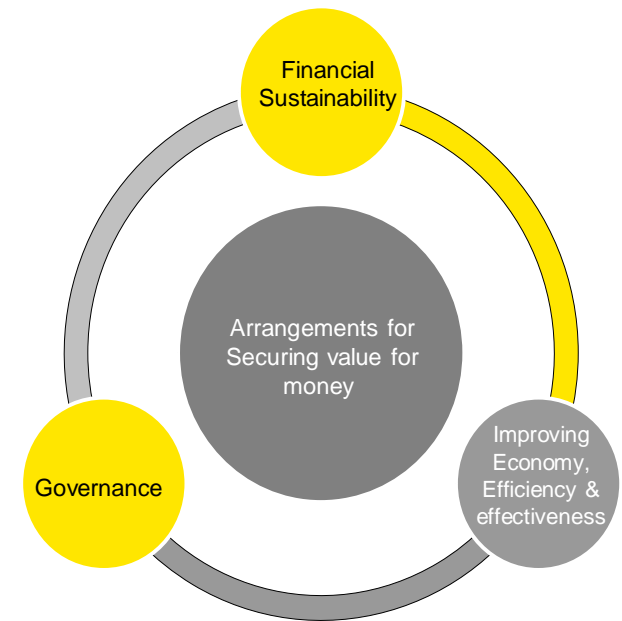
We are required to consider whether PCC and CC have made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the PCC and CC arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the PCC and CC arrangements against three reporting criteria:

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

We have completed our detailed VFM work and identified one risk of significant weakness in arrangements as documented on the next page.



Value for Money (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

During the 2021/22 audit, we identified a risk of significant weakness which also impacted 2022/23 and 2023/24. This is in relation to data breaches within responses to Freedom of Information (FOI) requests.

What arrangements did this impact?

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

What did we do?

Our approach focused on:

- Follow-up of recommendations made in our 2021/22 Auditor's Annual Report, including ensuring that appropriate action has been taken by the PCC and CC; and
- Establishing the arrangements in place to ensure that the process and procedures for handling FOI requests are appropriate and effective in safeguarding personal data.

Findings

Recommendations made following the internal investigation have been fully implemented. As a result procedures and controls for handling FOI requests have been strengthened and we are not aware of any further suspected non-compliance of regulations. Therefore, we are satisfied that the weaknesses identified in the prior year are no longer present and therefore we do not plan to report by exception in our audit report.

We will issue our VFM narrative commentary in our 2023/24 Auditor's Annual Report which we expect to issue in March 2025.



04 Audit Differences

Audit Differences

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

Summary of adjusted differences

We highlight the following misstatements greater than £0.142 million which have been corrected by management that were identified during the course of our audit.

Pension valuation:

- The LGPS balance as at 31 March 2024 was an asset and as such requires application of an asset ceiling under IFRIC 14. As the asset ceiling existed prior to 2023/24, management subsequently requested updated IAS19 reports from the actuary which included the impact of IFRIC 14. The impact of these updated IAS19 reports identified that the draft statements for both 2022/23 and 2023/24 were misstated. Management amended the 2022/23 statement of accounts in advance of the issue of the disclaimed audit opinion for 2022/23. This subsequently impacted the 2023/24 statement of accounts. The adjustment decreases total comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement by £12.362 million.

The adjusted misstatement is as follows:

Debit Comprehensive Income and Expenditure Statement – Net pensions interest cost: £0.587 million

Credit Comprehensive Income and Expenditure Statement – Remeasurement of the net defined benefit liability: £12.949 million

This also impacts related disclosures in the Movement in Reserves Statement and Note 16 Retirement Benefits.

There were no uncorrected misstatements.

Disclosure misstatements

During the course of the audit, we identified a small number of disclosure adjustments to date which have been corrected by management.

The main disclosure misstatements include:

- Changes to Accounting Standards That Have Been Issued But Have Not Yet Been Adopted (Note 2);
- Government Grants (Note 7);
- Employees Remuneration (Note 8); and
- External Audit Fees (Note 12).

We do not deem any to be so significant so as to merit reporting to you. In any detail.



05 Audit Report

Audit Report

Expected modifications to our audit report

As reported in our 2022/23 Audit Completion Report (dated 25 November 2024), we issued a disclaimed audit report on the PCC and CC's financial statements for 2022/23 under the arrangements to reset and recover Local Government audit.

We anticipate completing our planned programme of work for 2023/24, but because of the gaps in assurance from 2022/23 we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. We did not plan to rebuild this assurance in our 2023/24 audit.

Taken together with the requirement to conclude our work by the 2023/24 backstop date set by legislation, the lack of evidence over these movements and balances mean we are unable to conclude that the PCC and CC'S 2023/24 financial statements are free from material and pervasive misstatements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion. The form and content of the audit opinion will be shared with the PCC and CC and Chief Finance Officers to enable you to formally authorise the 2023/24 financial statements for issue.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control, including group-wide or at components.

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

At the date of this report, we have not identified any significant deficiencies in internal control.

During the audit, we did however identify the following observation and make an improvement recommendation in relation to management's financial processes and controls:

- Our sample testing of year end payables included three key items representing payroll deductions (national insurance, income tax and pension contributions). This testing identified differences, totalling £77,000, between the payroll interface and payments made dating back to March 2016. Whilst the total difference is not material, the monthly discrepancies date back to March 2016 and have not therefore been resolved in a timely manner.

Recommendation

We recommend that the PCC and CC resolve any issues with the system interface and eliminate any remaining differences sitting within their control accounts.

Status of previous recommendations

In our 2021/22 Audit Results Report, we identified scope for improvement in relation to leases. An update is provided below.

Description	Update
The Norfolk PCC should ensure that all lease agreements are approved and signed before the commencement of the lease to which they relate.	Whilst work is ongoing to ensure that formal lease agreements are in place, our sample testing identified six out of ten lease agreements had not been finalised prior to commencement or existing lease agreements had expired with no new agreement yet in place. Therefore, this previous recommendation remains.



07

Other Reporting Issues

Other Reporting Issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Group, PCC and CC Statement of Accounts 2023/24 with the audited financial statements

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

Financial information in the Group, PCC and CC Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements, and we have no matters to report.

Whole of Government Accounts

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

We will complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts on the completion of our audit. Until the NAO has confirmed whether they require us to undertake any additional procedures we are not able to issue our audit certificate.

Other powers and duties

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

We also have a duty to make written recommendations to the PCC and CC, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014.

We did not identify any issues which required us to exercise these duties.

Other Reporting Issues (cont'd)

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 PCC and CC'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.

Other Reporting Issues (cont'd)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures

We obtained an understanding of the IT processes related to the IT applications of the PCC and CC. The PCC and CC have 2 relevant IT applications (Oracle and POCASO) for the purposes of our ISA 315 risk assessment. We perform procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we review the applicable processes for each IT application.

When we identify controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we perform additional procedures.

We reviewed the following processes for the relevant IT applications:

- Manage vendor supplied changes
- Manage entity programmed changes
- Manage security settings
- Job scheduling and monitoring IT process

Audit findings and conclusions

No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operation of any controls through this review.



08 Independence

Independence - Relationships, services and related threats and safeguards

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

Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence - 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.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements' opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the PCC and CC;
- ▶ The PCC and CC has an effective control environment; and
- ▶ The PCC and CC 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 PCC and CC should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the PCC and CC are set out in the fee analysis on this page.

	Current Year 2023/24	Prior Year 2022/23
	£	£
Total Fee - Code work (scale fee) (Note 1)	140,490	50,583
Proposed scale fee variation (Note2)	TBD	TBD
Total audit	TBD	TBD
Other non-audit services not covered above	0	0
Total other non-audit services	0	0
Total fees	TBD	TBD

All fees exclude VAT

Notes

(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. 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.

(2) The scale fee is impacted by a range of other factors which will result in additional work. The areas where additional audit procedures have been performed include:

- Revisions to ISA (UK) 315
- Identified risks and/or issues in year (i.e. data breaches/IAS 19 asset ceiling calculation)



09 Appendices

Appendix A – Summary of assurances

Summary of Assurances

As we have set out in the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the financial statements, the opening balance position on 1 April 2023, the closing reserves balances on 31 March 2024, or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Property, plant and equipment ('PPE')	Partial	We have completed testing of the 2023/24 additions and disposals to the fixed asset register, tested the 2023/24 depreciation charge, tested the valuation of a sample of assets revalued in 2023/24 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the PCC and CC's right to recognize those assets. However, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed period, we are unable to obtain full assurance over the completeness and accuracy of the valuation of PPE at 31 March 2024. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 Audit Planning Report.
Intangible assets	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short term debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash and cash equivalents	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short term creditors and accruals	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Borrowings (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Provisions (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.

Appendix A – Summary of assurances (cont'd)

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Pension scheme liabilities	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Private Finance Initiative ('PFI')	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Reserves	Limited	We have completed our work on the movements in reserves in 2023/24 but, due to the disclaimed opinion in the prior year, we do not have assurance over the prior year movements that have been posted to reserves. The 31 March 2024 yearend reserve position is derived from the cumulative posting of current and prior year movements and as such we only have limited assurance over the closing position at 31 March 2024. Until we have completed our work to rebuild assurance in this area, we are unable to obtain complete assurance over the useable and unusable reserves reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning report.
Comprehensive income and expenditure statement	Partial	We have completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning report.
Group accounts	Partial	We have completed our planned audit procedures for 2023/24 but, as a result of not having assurance over the opening balances, we do not have full assurance over the in-year movements or prior year comparatives for the Group Accounts. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning report.
Cash flow statement	Partial	We have completed all planned sample testing of 2023/24 transactions but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparatives for the Cash Flow Statement.
Police Pension Fund Accounting Statements	Partial	We have completed all planned procedures for 2023/24 but, as a result of not having assurance over the opening balance sheet balances at 1 April 2023, we do not have assurance over the in-year movements or prior year comparative figures in the Police Pension Fund Accounting Statements.

Appendix B - Required communications with those charged with governance

Required communications with those charged with governance

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

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	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>	Provisional Audit Planning Report – July 2024
Significant findings from the audit	<ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report – February 2025

Appendix B - Required communications with those charged with governance (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 related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	Audit Results Report - February 2025
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 	Audit Results Report - February 2025
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 	Audit Results Report - February 2025

Appendix B - Required communications with those charged with governance (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 	Audit Results Report - February 2025
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> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Planning Report - July 2024</p> <p>Audit Results Report - February 2025</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - February 2025
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 	Audit Results Report - February 2025

Appendix B - Required communications with those charged with governance (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit Results Report – February 2025
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. 	Provisional Audit Planning Report – July 2024 Audit Results Report – February 2025
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit Results Report – February 2025
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit Results Report – February 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report – February 2025
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 	Audit Results Report – February 2025

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