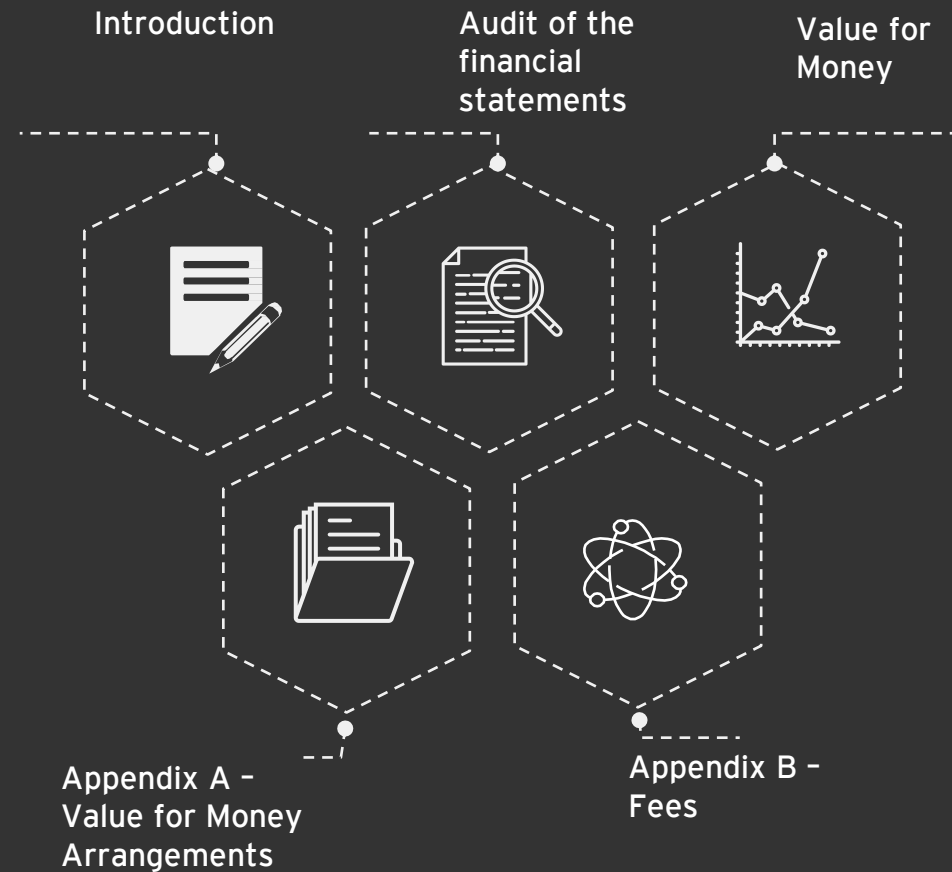


**Police & Crime
Commissioner
for Surrey and the Chief
Constable for Surrey
Police
Auditor's Annual Report**

Year ended 31 March 2022

January 2024

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated 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 Joint Audit Committee and management of Surrey Police in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Joint Audit Committee and management of Surrey 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 Joint Audit Committee and management of Surrey Police for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

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

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 5 October 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

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

Reporting by exception:

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

Responsibilities of the PCC and CC

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



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Police & Crime Commissioner for Surrey (PCC) and the Chief Constable (CC) for Surrey as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 3 November 2023.
Going concern	We have concluded that the Chief Financial Officers' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the PCC's and CC's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the PCC and CC.
Public interest report and other auditor powers	<p>We had no reason to use our auditor powers.</p> <p>However, we did consider a Non-Compliance with Laws And Regulations (NOCLAR) issue as part of concluding the audit work. The Police reported a breach to the Information Commissioner Office in relation to an incident in June 2020 and the Force received a formal reprimand but no monetary fine. We reviewed the work undertaken by the Force as reported to the ICO to ensure the incident could not occur in the future and no further reporting is required by us as the ICO was satisfied with the action taken by management.</p>
Whole of government accounts	We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.
Certificate	We will issue our certificate once we have concluded our Whole of Government Accounts procedures. We cannot currently conclude on the WGA work until the NAO confirms if they would like any additional procedures performed.



Audit of the financial statements

Key findings

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

On 3 November 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 16 October 2022 Joint Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported three internal control recommendations in the Audit Results Report.

Significant risk

Conclusion

Risk of fraud in revenue and expenditure recognition - Management override of controls

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 not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.

Misstatements due to fraud or error - inappropriate capitalisation of revenue expenditure

Our work did not identify any material weaknesses in the design and/or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.

Our work did not identify any other transactions during our audit which appeared unusual or outside the PCC and CC's normal course of business.

Valuation of Land & Buildings in Property, Plant and Equipment (PPE) - Estimated-Use-Value (EUV).

We have not identified any material misstatements arising from the valuation of PPE using the EUV method.

Valuation of investment properties under Fair Value

We have identified a material misstatement regarding the valuation of the Mount Browne property.

We did not identify any risks of significant weaknesses in the PCC and CC's VFM arrangements for 2021/22.

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

We have no matters to report by exception in the audit report.

Scope

We are required to report on whether the PCC and CC has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 26 January 2023 JIAC meeting which was based on a combination of our cumulative audit knowledge and experience, our review of PCC and CC committee reports, meetings with the Chief Financial Officers' and evaluation of associated documentation through our regular engagement with PCC and CC management and the finance team.

Reporting

We completed our risk assessment procedures in February 2023 and did not identify any significant weaknesses in the PCC and CC's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 7 to 9. The commentary on these pages summarises our conclusions over the arrangements at the PCC and CC in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

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

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the PCC and CC plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the PCC and CC ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
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	No significant risks identified	No significant weaknesses identified



Value for Money (continued)

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

The PCC and CC work towards a balanced year-end budget and actively manage costs wherever possible and tightly control spending in non-essential or statutory requirement areas. The Medium Term Financial Plan (MTFP) is reviewed regularly to model changes to assumptions e.g. pay increases and inflation fluctuations being seen this year.

Each quarter the PCC receives a Quarterly Performance and Finance Report from the Chief Constable that details spend to date compared to budget and a forecast year-end position compared to budget. Variances are broken down into key categories and a narrative is included detailing why there is a variance. This includes savings performance and risks or issues to delivering. The quarterly report provided to the PCC is in addition to the internal monthly reporting from senior management, specifically the Chief Finance Officer, to the Chief Constable. Assessment against the medium term financial plan as set out in the budget plan.

Savings are identified as part of the budget setting process and reviews are continually being undertaken to identify where future savings will be met from. Savings meetings are held to monitor the achievement of them from both a strategic and an operational perspective.

Key assumptions underpinning the financial sustainability are continually reviewed in discussion with the CFO's by way of regular "financial risks" CFO meetings with the PCC CFO's from both Surrey and Sussex, the Director of regional services and finance, the force CFO and finance representatives to ensure detail and overview positions are considered in the context of the changing economic environment.

A force wide review program is underway to identify future savings and changes in how we deliver essential services.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

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

We have seen through our attendance at JIAC meetings and our review of the minutes that key decisions made are backed up by the appropriate supporting evidence. In addition, the relevant officers attend the Committees to present their papers and to answer any questions the Committee may have. We have seen in the JIAC meetings members asking challenging questions to officers to ensure they are fully informed before decisions are made.

During the year, Internal audit undertook a number of reviews of specific areas of governance, including the programme of arrangements for the Building for the Future Programme, safeguarding governance arrangements and the project and programme management arrangements in place for the savings plan. These governance reviews all resulted in individual 'substantial' assurance opinions.

The PCC and CC has continued to maintain its risk register. The risk register is regularly reviewed by the JIAC which challenges the risks included and gains assurance that the right risks and mitigations are included. There are a number of 'red' risks within the risk register for 2021/22 which we considered as part of our value for money risk assessment. These are risks that we would expect to see for the PCC and CC and are not an indication of a weakness in their governance arrangements and have acceptable mitigations against each risk.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.



Value for Money (continued)

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

The PCC has a published Police & Crime Plan which clearly sets out the strategic direction and objectives for Surrey and how they will be delivered. An Annual Report detailing delivery against the plan was approved by the Police & Crime Panel.

The CC has mechanisms in place to record and respond to recommendations and findings from external review, including HMICFRS and the IOPC, which is overseen by the Organisational Reassurance Board (ORB), chaired by the Deputy Chief Constable. In the 2021/22 PEEL (Police effectiveness, efficiency and legitimacy) report by HMICFRS, it was reported that “The force has a strong problem-solving ethos focused on neighbourhood policing” and “The force investigates crime well”. However, HMICFRS also commented that “Further work should be done to monitor those who pose the highest risk” regarding the HMICFRS’s grading for managing offenders.

Surrey Police works closely with Sussex Police; working to provide services together in order to be more efficient. This has been in place for several years and demonstrates working with significant partners and stakeholders.

The PCC has also engaged with partnerships at a national level (e.g. taken a national lead on equality and diversity issues), at a regional level (e.g. South East collaboration board) as well as at a local level. The Force and PCC have signed up to a number of Collaboration agreements to set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices

Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

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

Significant financial pressures are identified as part of the annual business planning and monthly financial reporting cycle. Significant financial pressures continue to be identified to balance the budget e.g. high inflation and salary increases in excess of original budget assumptions. These are being modelled in the MTFP and savings meetings are in place to review and discuss. There are two new savings governance boards now in place, a Strategic Savings Board and a more operational savings board to ensure the right people from across the business are providing necessary input, advice and control. Financial monitoring is in place with a rigorous process of monthly review, including close scrutiny by the Chief Constable's Chief Finance Officer, the PCC's Chief Finance Officer and at the monthly DCC chaired Force Organisation Board, at which progress against the investment is reported. The PCC regularly receives a Financial Report each month which is on the agenda at the Chief Constable accountability meeting entitled the PCC Performance Meeting.

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

Medium Term Financial Plan (MTFP) is adequate for 22/23 and planning is now underway for the 2023/24 budget preparation and precept consultation. There is a process in place between Change Delivery and finance to manage and monitor the delivery of savings, which has been incorporated into the budget setting process. However, IT savings are still a concern. The force identified savings in 21/22 with a few delays due to projects. There is no answer to this yet on a long term basis and hence this continues to be a risk going forward for Surrey Police and is being actively managed and reviewed accordingly by them.

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

The PCC ensured that the Force's Vision and Mission document is used as a basis for corporate and service planning and is linked to the Police & Crime Plan. The PCC has established performance measures and governance structures that allow the PCC and Surrey Police to assess progress against their objectives. The PCC has also kept the Medium Term Financial Plan under regular review so that financial planning is integrated with service planning.

Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

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

The PCC oversees workforce development and asset management plans (e.g. estates and ICT) and scrutinises how these plans fit with the four year Medium Financial Plan. These plans are underpinned by proper analysis and evaluation including option appraisal, assessing the impact of alternative approaches and benefits realisation - for example the scrutiny of the plans for the "Building the Future" programme and the necessary change from the previous aims of building a new aspirational fit-for-future-purpose modern police HQ to the more modest proposals now underway to re-develop the existing Surrey HQ at Mount Browne.

Workforce planning continues to monitor requirements for the future workforce mix and profile, this has been particularly important as the Operational Uplift has required unprecedented numbers of officers to be recruited within a short 3 year period. This is reviewed at the DCC's Strategic Board and quarterly at the Workforce Capability and Capacity Board and the Surrey Resource Management meeting attended by business representatives and used to understand and review priorities

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

HMICFRS assess Surrey Police through the PEEL programme of inspections and the next inspection will take place during the 2022/23 financial year. The published Force Management Statement details demand for police services and Surrey Police resourcing to meet these demands, together with details of identified areas to be addressed through investment. There is a five year Medium Term Financial Plan which is regularly reviewed and supported by robust, sustainable multi-year budgets to deliver the Force Business Plan and consider external factors such as inflation, borrowing and funding.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

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

The CC ensures that there is a risk management strategy and policy in place to ensure that threats to the achievement of the Force's organisational objectives and regional and national responsibilities are identified and managed effectively via the Organisational Reassurance Board (ORB), with regular risk updates reviewed by the Joint Audit Committee and at the PCC's Performance meeting. Internal audit is part of the PCC and the CC governance, risk management and internal control, and is outsourced to a third party firm, Southern Internal Audit Partnership (SIAP). Internal audit identified some areas that provided challenge to the organisations' risk environment. Internal audit agreed appropriate corrective actions and a timescale for improvement with the responsible managers. The implementation of these actions is tracked by the Joint Audit Committee throughout the year. The overall Annual Internal Audit Opinion for 2021/22 from the Chief Internal Auditor of SIAP was "Limited assurance over the frameworks of governance, risk management and management control" for Surrey Police, with assurance opinions at 15% substantial, 62% reasonable, 19% limited and 4 no assurance. The main reason for the limited overall rating was due to ongoing risks relating to the legacy Oracle People Solutions system and the potential impact on business continuity for key systems.

The legacy system upgrade was tendered during the year and a decision was made to upgrade the legacy system whilst a longer term solution was agreed upon. For our audit in 2021/22, improvements to the system did help to mitigate some of the issues reported in 2020/21 for the accounts and vfm so we have not reported a further weakness in 2021/22.

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

The PCC is required to set a balanced budget. We are satisfied from our minute reviews and meetings with management that appropriate planning has still been conducted. In addition, we note that SIAP praise the response and work done by the force to improve and address the issues and risks identified in the prior year budget setting internal audit review. The 'Savings Plans - Project and Programme Management 2021/22' audit received substantial assurance.

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

History of strong financial management with monthly financial reporting to budget holders. The PCC and CC review monthly finance reports that include analysis of position against budget month to date and forecast for the year. The PCC and the CC respond to over/under spend forecasts during the year to manage expenditure so there is no short term financial resilience risk. In terms of taking corrective action, we have seen that the PCC and CC vire monies where relevant to keep budgets on track. Savings plans for 21/22 have also been reported as achieved or carried forward and built into the MTFP.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

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

The PCC's and the CC's Joint Audit Committee (JAC) have the responsibility for overseeing the governance of the PCC and the CC. The PCC and the CC Annual Scheme of Governance is revised and reported to the JAC in April each year. The Scheme of Governance is consistent with the principles of the CIPFA Framework, 'Delivering Good Governance'. The various elements of the Scheme of Corporate Governance set out the systems and processes, culture and values by which Surrey PCC and CC is directed and controlled and the activities it undertakes to engage with and be accountable to local communities. It enables the PCC to monitor the achievement of the strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The PCC and the CC Annual Governance Statements detail the effectiveness and compliance with the governance structure at the end of each financial year and both are reported to the July JAC meeting. The JAC provides external scrutiny of strategic risks and operates in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of the Financial Management Code of Practice. The PCC and the CC have an effective internal audit service that inform and are scrutinised by the JAC.

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

The PCC and the CC ensure that all staff have clear objectives and job descriptions. Focus meetings are in place with line managers to ensure staff get appropriate support and encouragement, including planning for their future aspirations. The Force Professional Standards Department (PSD) has the main responsibility for ensuring appropriate legislative, regulatory and ethical requirements are met. The CC has communicated that all managers and supervisors at all levels of the Force should set a good example and challenge any behaviour that does not meet the Code of Ethics and to clearly communicate the Force's values, standards, expectations and priorities. The PCC oversees professional standards and the dip checking of complaints files. The PCC publishes the Registers of interests and records of gifts, hospitalities and expenses for the PCC, Chief Officers and relevant staff and shares these with the Joint Audit Committee.

Appendix A - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	The PCC has a published Police & Crime Plan which clearly sets out the strategic direction and objectives for Surrey and how they will be delivered. An Annual Report detailing delivery against the plan was approved by the Police & Crime Panel. As part of the PCC governance arrangements, there are regular performance meeting which allow the PCC to hold the Chief Constable to account against the priorities of the Police & Crime Plan. Force performance reported each month in the Force balanced Scorecard which includes a set of performance aspirations to be monitored at performance meetings. The PCC places particular focus on areas of underperformance, e.g. positive outcomes for high harm offences was a key area in 21/22.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The CC has mechanism in place to record and respond to recommendations and findings from external review, including HMICFRS and the IOPC, which is overseen by the Organisational Reassurance Board (ORB), chaired by the Deputy Chief Constable.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>Surrey Police works closely with Sussex Police working to provide services together in order to be more efficient. This has been in place for several years and we consider it to be solid evidence of them working with significant partners and stakeholders. They also have collaboration arrangements with other forces at a regional level.</p> <p>The relationship between the PCC and CC is constructive with performance meetings held by the PCC every six weeks to scrutinise the work of the Force. The PCC also published a commissioning and grants strategy to set the framework to focus resources and work with partners and a funding hub to provide information on how monies have been spent. The PCC has also engaged with partnerships at a national level (e.g. taken a national lead on equality and diversity issues), at a regional level (e.g. South East collaboration board) as well as at a local level. The Force and PCC have signed up to a number of Collaboration agreements to set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The CC has, with Sussex Police, established a Joint Change function which recognises the importance of strategic planning and integration to incorporate national, regional and local change, business change/adoption and change assurance. The CC has developed products to support sustainable economic, social and environment benefits delivery, for example, the Strategic Roadmap visually articulates change impacts to help the Change Assessment Board and Strategic Change Board to improve prioritisation, planning and sequencing of change projects, working closely with the South-East Regional Integrated Policing (SERIP) to align where possible. The Senior Responsible Owner (SRO) reports actions implemented in year to provide full status updates to risk and progress assessments. A Business Change Heat Map is being developed to highlight significant change areas. A new Business Case template has been developed to improve the investment decision process via improved financial information relating to project costs, project benefits, income generation and funding sources. A new risk management system was also implemented during the year.

Appendix B – Fees

Fees

We carried out our audit of the PCC and CC's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the inappropriate capitalisation of revenue expenditure, the valuation of property, plant and equipment and valuation of investment property. As a result, we have discussed an associated additional fee with the Director of Finance which remains subject to approval by PSAA Ltd. Our fee for 2021/22 is in line with the audit fee agreed and reported in our 2021/22 Audit Results Report.

Description	Proposed Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
Total Audit Fee - Code work	41,355	41,355	41,355
Recurring adjustment to scale fee (Note 1)	19,272	22,445	4,433
Base Audit Fee - Code work	60,627	63,800	45,788
Additional fees for incremental work in year (Note 2):			
• Additional work on PPE	11,096	TBC	4,564
• Additional work on pension valuations	6,594	TBC	4,323
• Use of internal experts	11,192	TBC	8,432
• Revised auditing standard for estimates	2,480	2,281	2,281
• Reconciliation and working paper challenges	0	TBC	14,868
• Value for Money commentary	7,440	7,464	7,464
• Value for money risk of significant weakness	0	0	4,596
• Technical accounting issues	6,524	TBC	
Total	105,953	TBC	92,316

For 2021/22 the scale fee has been re-assessed to take into account a number of risk factors which includes procedures performed to address the risk profile of the PCC and CC and additional work to address the increase in Regulatory standards.

We confirm we have not undertaken any non-audit work. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO.

- (1) In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we undertook additional work at a fee of £19,272 to deliver the audit in 2021/22 and we expect this to reoccur in subsequent years.
- (2) The risk based fee variations sets out the extended work undertaken in 2021/22 to issue the audit report. The additional fee for 2021/22 has been discussed with management and remains subject to approval by PSAA Ltd.

Appendix B - Fees Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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