

PART ONE

ITEM 07

To: Joint Audit Committee
Date: 22nd June 2015
By: Iain Murray, Grant Thornton
Title: External Audit Fees Letter

Purpose of Report/Issue:

To inform members of the content of letter received from Grant Thornton regarding the scale of fees to be charged to the Police & Crime Commissioner and to the Chief Constable for the 2015/16 external audit.

Recommendations

The Committee is asked to consider and comment on the fee proposals for the 2015/16 external audit.

Contact details:

Name: Iain Murray
Job Title: Grant Thornton
Email address: Iain.G.Murray@uk.gt.com

OFFICIAL

Kevin Hurley
Police and Crime Commissioner for Surrey
Mount Browne
PO Box 412
Guildford
Surrey
GU3 1BR

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP
T +44 (0)20 7383 5100
www.grant-thornton.co.uk

30/04/2015

Dear Kevin,

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for the Police and Crime Commissioner for Surrey (the PCC) along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

The scale fee for the PCC for 2015/16 has been set by the Audit Commission at £38,708 which is a reduction from the scale fee of £51,610 for 2014/15.

The total fee for the audit of the Police and Crime Commissioner's group financial statements, including the statements of Surrey Police, is £53,708. This compares to the total audit fee of £71,610 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return.

Value for Money conclusion

Under the Audit Commission Act, we must be satisfied that you have adequate arrangements in place to secure economy, efficiency and effectiveness in your use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	9,677
December 2015	9,677
March 2016	9,677
June 2016	9,677
Total	38,708

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to February 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June and July 2016 and work on the whole of government accounts return in September 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2015- February 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of your accounts and our VfM conclusion.
Final accounts audit	June to September 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to September 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the PCC	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Iain Murray	020 7728 3328	Iain.G.Murray@uk.gt.com
Engagement Manager	Marcus Ward	020 7728 3350	Marcus.Ward@uk.gt.com
In Charge Auditor	Andy Conlan	020 7728 2492	Andy.N.Conlan@uk.gt.com

Additional work

The scale fee excludes any work requested by the PCC that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the PCC.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett, our Public Sector Assurance regional lead partner. paul.dossett@uk.gt.com

Yours sincerely

A handwritten signature in black ink, appearing to read 'Iain Murray', with a large, stylized flourish at the end.

Iain Murray

Engagement Lead

For Grant Thornton UK LLP

Lynne Owens
Chief Constable
Surrey Police
Mount Browne
Sandy Lane
Guildford
Surrey
GU3 1HE

Grant Thornton UK LLP
Grant Thornton House
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London NW1 2EP
T +44 (0)20 7383 5100
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30/04/2015

Dear Lynne,

Planned audit fee for 2015/16

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. In this letter we set out details of the audit fee for your audit along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

Your scale fee for 2015/16 has been set by the Audit Commission at £15,000, which compares to the audit fee of £20,000 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission’s closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/ and on the Public Sector Audit Appointments PSAA website psaa.co.uk

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

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We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion. We will assess your financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2015	3,750
December 2015	3,750
March 2016	3,750
June 2016	3,750
Total	15,000

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2015 to February 2016. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June and July 2016 and work on the whole of government accounts return in September 2016

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Iain Murray

Engagement Lead

For Grant Thornton UK LLP