

To: Audit Committee
Date: 14 March 2013
By: Paul Grady – Grant Thornton
Title: Planned Audit Fee for 2012/13 Audit

Purpose of Report/Issue:

To inform members of the content of letter received from the Grant Thornton regarding the proposed fees to be charged to the Police & Crime Commissioner and Chief Constable for the 2012/13 external audit.

Recommendations

The Committee is asked to consider and comment on the fee proposals for the 2012/13 external audit.

Contact details:

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11 February 2013

Dear Kevin,

Planned audit fee for 2012/13

We are delighted to have been appointed by the Audit Commission as auditors to the Office of the Police and Crime Commissioner (PCC) for Surrey and look forward to providing you with a high quality external audit service for at least the next five years. We look forward to developing our relationship with you over the coming months, ensuring that you receive the quality of external audit you expect and have access to a broad range of specialist skills where you would like our support.

The Audit Commission has set its proposed work programme and scales of fees for 2012/13. 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.”

For 2012/13, the Commission has independently set the scale fee for all bodies. Your scale fee for 2012/13 is £57,000. The scale fee for the Chief Constable's office is £20,000. The total fee for the audit of the Police and Crime Commissioner's group financial statements, including the statements of the Chief Constable, is £77,000. This compares to the audit fee of £93,840 for the Police Authority audit in 2011/12, and represents a reduction in total audit costs of 18%.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at: www.audit-commission.gov.uk/scaleoffees1213.

The audit planning process for 2012/13, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Chartered Accountants

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A list of members is available from our registered office.

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Scope of the audit fee

Our fee is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13. It 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

For police bodies in 2012/13, the Commission is continuing to disapply the specified value for money conclusion criteria relating to financial resilience and prioritising resources. Auditors are required to focus on the risks relating to the abolition of Police Authorities and the transition to the offices of the PCC and the CC, rather than giving their conclusion based on specified reporting criteria. These risks will, however, include consideration of relevant aspects of the two specified value for money criteria, recognising that police authorities have demised but their functions have transferred to the new bodies.

Before issuing our value for money conclusion we will:

- review the Annual Governance Statement (AGS);
- review the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider whether there is any impact on our responsibilities; and
- undertake local risk-based work taking into account guidance from the Audit Commission.

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 continue to assess your arrangements and discuss any additional work required during the year.

Our planning to date has not identified any additional work which we are required to undertake to support our VFM conclusion. We will continue to assess your arrangements and discuss any additional work required during the year.

Billing schedule

Our fees are billed quarterly in advance. Given the timing of our appointment we will raise a bill for £42,750 in March 2013 with normal quarterly billing thereafter. Our fees will be billed as follows:

Main Audit fee	£
March 2013	42,750
June 2013	14,250
Total	57,000

Outline audit timetable

We will undertake our audit planning and interim audit procedures in March 2013. Upon completion of this phase of our work we will issue our 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 July to September 2013 and work on the whole of government accounts return in September 2013.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	March 2013	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of your accounts and VFM conclusion.
Final accounts audit	July to Sept 2013	Report to those charged with governance	This report will set out the findings of our accounts audit and VFM work for your consideration.
VFM conclusion	Feb to Sept 2013	Report to those charged with governance	As above
Whole of government accounts	September 2013	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2013	Annual audit letter	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2012/13 remain unchanged:

	Name	Phone Number	E-mail
Engagement Lead	Paul Grady	(0)20 7728 3196	paul.d.grady@uk.gt.com
Engagement Manager	Iain Murray	(0)20 7728 3328	iain.g.murray@uk.gt.com
Audit Executive	Marcus Ward	(0)20 7728 3350	marcus.ward@uk.gt.com

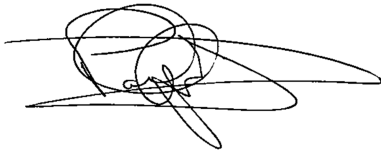
Additional work

The scale fee excludes any work requested by you 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 you.

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 be 'Paul Grady', written over a horizontal line.

Paul Grady
For Grant Thornton UK LLP