

**To:** Joint Audit Committee  
**Date:** 10<sup>th</sup> June 2013  
**By:** Paul Grady – Grant Thornton  
**Title:** External Audit Fee Letters

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**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 2013/14 external audit.

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**Recommendations**

The Committee is asked to consider and comment on the fee proposals for the 2013/14 external audit.

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**Contact details:**

**Name:** Iain Murray  
**Job Title:** Manager Grant Thornton UK LLP  
**Telephone number:** 020 7728 3328  
**Email address:** iain.g.murray@uk.gt.com

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Kevin Hurley  
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PO Box 412,  
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Surrey  
GU3 1BR

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London NW1 2EP  
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22 April 2013

Dear Kevin,

### **Planned audit fee for 2013/14**

The Audit Commission has set its proposed work programme and scales of fees for 2013/14. 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 2013/14 has been set by the Audit Commission at £51,610. The scale fee for the Office of the Chief Constable(CC) 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 £71,610. This compares to the total group audit fee of £77,000 in 2012/13 and represents a reduction of 7%.

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/audit-regime/audit-fees/201314-fees-work-programme](http://www.audit-commission.gov.uk/audit-regime/audit-fees/201314-fees-work-programme).

The audit planning process for 2013/14, 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 the 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.

### Billing schedule

Our fees are billed quarterly in advance. Our fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
January 2014	12,902
March 2014	12,903
June 2014	12,902
September 2014	12,903
<b>Total</b>	<b>51,610</b>

### Outline audit timetable

We will undertake our audit planning and interim audit procedures between January and March. 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 July and August; work on the whole of government accounts return in September.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	January to March 2014	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 September 2014	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM conclusion for your consideration.

VfM conclusion	February to September 2014	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2014	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2014	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 2013/14 remain unchanged :

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

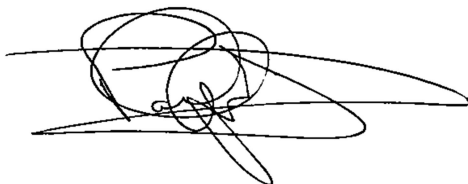
**Additional work**

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](mailto:paul.dossett@uk.gt.com))

Yours sincerely



Paul Grady  
For Grant Thornton UK LLP

Lynne Owen,  
Chief Constable,  
Surrey Police,  
Police Station Headquarters  
Mount Browne, Sandy Lane  
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GU3 1HG

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22 April 2013

Dear Lynne,

### **Planned audit fee for 2013/14**

The Audit Commission has set its proposed work programme and scales of fees for 2013/14. 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 2013/14 has been set by the Audit Commission at £20,000. The scale fee for the audit of the Office of the Police and Crime Commissioner (PCC) is £51,610. The total fee for the audit of the Police and Crime Commissioner's group financial statements, including the statements of the Chief Constable, is £71,610. This compares to the total group audit fee of £77,000 in 2012/13 and represents a reduction of 7%.

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The audit planning process for 2013/14, 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**

Member firm within Grant Thornton International Ltd  
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP  
A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

### **Scope of the audit fee**

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- our audit of your financial statements
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- 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.

### **Billing schedule**

Our fees are billed quarterly in advance. Our fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
January 2014	5,000
March 2014	5,000
June 2014	5,000
September 2014	5,000
<b>Total</b>	<b>20,000</b>

### **Outline audit timetable**

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Audit Executive	Marcus Ward	(0)20 7728 3350	<a href="mailto:marcus.ward@uk.gt.com">marcus.ward@uk.gt.com</a>

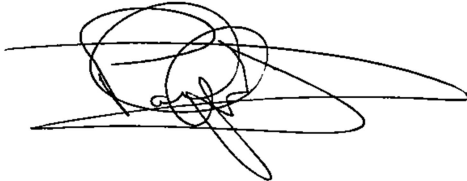
### **Additional work**

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**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](mailto:paul.dossett@uk.gt.com)) .

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Paul Grady  
For Grant Thornton UK LLP