

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

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.

Recommendations

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

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

Kevin Hurley
Office of the Police and Crime Commissioner for Surrey
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

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.

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:

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

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.

Phase of work	Timing	Outputs	Comments
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	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

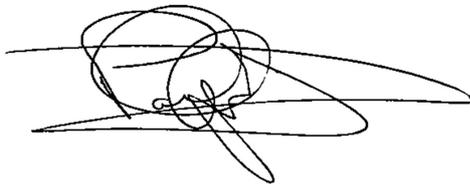
Additional work

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



Paul Grady
For Grant Thornton UK LLP

Lynne Owen,
Chief Constable,
Surrey Police,
Police Station Headquarters
Mount Browne, Sandy Lane
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Surrey
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.

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Billing schedule

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

Main Audit fee	£
January 2014	5,000
March 2014	5,000
June 2014	5,000
September 2014	5,000
Total	20,000

Outline audit timetable

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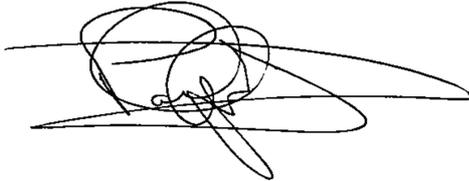
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We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Paul Dossett, 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