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Dear Kevin

Planned audit fee for 2016/17

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

In this letter we set out details of your audit fee for the 2016/17 financial year, along with the scope and timing of our work and details of our team.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for police audited bodies for 2016/17.

PSAA have proposed that 2016/17 scale audit fees are set at the same level as the scale fees applicable for 2015/16. Your scale fee for 2016/17 has been set by PSAA at £38,708. The scale fee for the Chief Constable's office is £15,000. Therefore the total fee for the audit of the group financial statements is £53,708.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. Should the proposed fee change from the scale fee set out in this letter, we will communicate this to you at the relevant time.

Chartered Accountants

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Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

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.

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether you have put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for police bodies, auditors are required to give a conclusion on whether the body has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	9,677
December 2016	9,677
March 2017	9,677
June 2017	9,677
Total	38,708

Outline audit timetable

We will undertake our audit planning and interim audit procedures from January to March 2017. 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 work on the whole of government accounts return will also be completed in July.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	January to March 2017	Joint audit plan	The plan summarises the findings of our audit planning and our approach to the audit of your accounts and VfM arrangements.
Final accounts audit	July 2017	Joint 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	June to July 2017	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2017	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Joint Annual audit letter	September 2017	Joint 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 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Iain Murray	020 7728 2301	iain.g.murray@uk.gt.com
Engagement Manager	Marcus Ward	020 7728 3350	marcus.ward@uk.gt.com
In Charge Auditor	Premaa Khagram	020 7728 3077	premaa.b.khagram@uk.gt.com

Additional work

The scale fee excludes any work you may request, 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, via 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