DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated DD MMM YYYY

Grant Thornton

Joint External Audit Plan

Year ending 31 March 2018

Police and Crime Commissioner for Surrey
and Chief Constable for Surrey
March 2018

Contents

Your key Grant Thornton team members are:

Iain Murray
Engagement Lead
T: 0207 728 3328
E: iain.g.murray@uk.gt.com

Marcus Ward
Senior Audit Manager
T: 0207 728 3350
E: marcus.ward@uk.gt.com

Hiruni Weerasekera
In-Charge Auditor
T: 0207 728 3215
E: hiruni.d.Weerasekera@uk.gt.com

Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the Police and Crime Commissioner for Surrey ('the PCC') and the Chief Constable for Surrey ('the Chief Constable') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of both the PCC and the Chief Constable. We draw your attention to both of these documents on the PSAA website.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- financial statements of the PCC, the Chief Constable and the Group (including the Annual Governance Statements for both entities) that have been prepared by management with the oversight of those charged with governance (the PCC and the Chief Constable); and
- Value for Money arrangements in place at the each body for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management, the PCC or the Chief Constable of your responsibilities. It is the responsibility of the bodies to ensure that proper arrangements are in place for the conduct of their business, and that public money is safeguarded and properly accounted for. We have considered how the PCC and the Chief Constable are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC's and Chief Constable's business and is risk based.

Significant risks	Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as: • Management over-ride of controls • Valuation of property, plant and equipment • Valuation of the pension fund net liability for the Local Government Pension Scheme and the Police Officer Pension Scheme We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Joint Audit Findings (ISA 260) Report.
Materiality	We have determined planning materiality to be £4,684k (PY £4,684k), which equates to 2% of the 2016/17 audited gross revenue expenditure of the Chief Constable. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. 'Clearly trivial' has been set at £234k (PY £234k).
Value for Money arrangements	Our risk assessment across both entities regarding your arrangements to secure value for money has identified the following VFM significant risks: • Medium-term financial planning
Audit logistics	Our interim visit will take place in March and our final visit will take place in June and July. Our key deliverables are this Joint Audit Plan and our Joint Audit Findings Report. Our fee for the audit will be no less than £38,708 (PY: £38,708) for the PCC and no less than £15,000 (PY: £15,000) for the Chief Constable.
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express objective opinions on the financial statements for both entities and the Group.

Business understanding

Changes to service delivery

Blue light collaboration

The provisions of the Policing and Crime Act 2017 came into effect on 3 April 2017. These provisions included:

- introducing the duty to collaborate on all three emergency services;
- enabling PCCs to take on FRA functions where a local case is made;

After commissioning a review of the case for change and options appraisal for Surrey, the PCC has decided to postpone any formal change to existing governance arrangements and instead will focus on working with the County Council and Fire and Rescue Service to identify further opportunities for blue light collaboration in the region.

Transformation and regional collaboration

You continue to A number of PCCs and Forces across the country are undergoing service transformations of varying degrees.

Regional collaboration via the South East Regional Integrated Policing programme continues to be key to your longer term plans to increase the resilience of services and deliver efficiencies.

A notable example of this being the new ERP system which you are implementing with Sussex Police and Thames Valley Police.

Changes to financial reporting requirements

Accounts and Audit Regulations 2015 (the Regulations)

A review of the Regulations is currently being undertaken by the Department of Communities and Local Government (DCLG), meaning that they may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Should any changes be made to the Regulations which would impact on the 2017/18 financial year, we will discuss the potential effects of these with you as soon as possible.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by Thursday 31 July 2018.

Changes to the 2017/18 CIPFA Code of Practice on Local Authority Accounting

CIPFA have introduced minor changes to the 2017/18 Code which:

- introduce key reporting principles for the Narrative Report;
- clarify the reporting requirements for accounting policies and going concern reporting; and
- update the relevant sections regarding reporting requirements for Leases, Service Concession arrangements and Financial Instruments.

Key challenges

Future funding uncertainties

The funding settlement announced in December 2017 provided a flat cash police grant and allowed PCCs the freedom to increase their share of the local precept by a maximum of £12 per year without triggering a referendum (this represents a 5.3.% precept increase in Surrey). The PCC has taken this opportunity to increase the precept and this was approved by the Police and Crime Panel at its meeting in February 2018.

This represents a better than anticipated outcome and has allowed you to close the anticipated budget gap over the next two years.

Revisions to police funding may still be implemented, though later than originally anticipated, and for some forces this may represent a significant reduction in annual funding, having an impact on forward planning.

PEEL Assessment

Surrey Police was graded as ‘Good’ in the most recent Efficiency, Effectiveness and Legitimacy inspections. The recent effectiveness inspection highlights the improvement in the quality and consistency of investigations carried out by the Force. In the 2016 inspection this area had been graded as ‘Requires Improvement’. The key area of improvement highlighted in this year’s inspection is the Force’s approach to reducing re-offending.

Our response

- We will consider your arrangements at each entity for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusions.
- We will consider whether your individual and group financial positions lead to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions and invitations to our technical update workshops.
- As part of our opinions on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code and the impact of impairment assessments and the adequacy of provisions in relation to essential work on high rise buildings.

Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Both	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the PCC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition. • opportunities to manipulate revenue recognition are very limited. • the culture and ethical frameworks of local authorities, including the PCC for Surrey mean that all forms of fraud are seen as unacceptable. **Therefore we do not consider this to be a significant risk for the PCC.** For the Chief Constable, revenue is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the Chief Constable's financial statements as a transfer of resources from the PCC to the Chief Constable for the cost of policing services. Income for the Chief Constable is received entirely from the PCC. **Therefore we have determined that the risk of fraud arising from revenue recognition is not a significant risk for the Chief Constable.**
Management over-ride of controls	Both	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of their spending, and this could potentially place management under undue pressure in terms of how they report performance. Management over-ride of controls is a risk requiring special audit consideration.	We will: • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness; • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness; • evaluate the rationale for any changes in accounting policies or significant unusual transactions.

Significant risks identified

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of property, plant and equipment	PCC	The PCC revalues land and buildings on an 5-yearly basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.	We will: • review of management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • consider the competence, expertise and objectivity of any management experts used; • discuss with the valuer about the basis on which the valuation is carried out and challenge key assumptions; • review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding; • test revaluations made during the year to ensure they are input correctly into the PCC's asset register; • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of pension fund net liability	Both	The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent significant estimates in the financial statements. The Police Officer Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements. These estimates by their nature are subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used. We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.	We will: • identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; • evaluate the competence, expertise and objectivity of the actuaries who carried out your pension fund valuations. We will gain an understanding of the basis on which the valuations are carried out; • undertake procedures to confirm the reasonableness of the actuarial assumptions made; • check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports from your actuaries.

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
Employee remuneration	Both	Payroll expenditure represents a significant percentage (80%) of the Chief Constable's (and therefore the group's) operating expenses. As the payroll expenditure comes from a number of individual transactions and an interface with a number of different sub-systems, there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.	We will • evaluate the PCC's and Chief Constable's accounting policies for recognition of payroll expenditure for appropriateness; • gain an understanding of the PCC's and Chief Constable's systems for accounting for payroll expenditure and evaluate the design of the associated controls; • test the reconciliation of payroll expenditure recorded in the general ledger to the subsidiary systems and interfaces; • analyse trends and relationships to identify any anomalous areas for further investigation; • agree payroll related accruals to supporting documents and review any estimates for reasonableness.
Operating expenses	Both	Non-pay expenses on other goods and services also represents a significant percentage (16%) of the Chief Constable's (and therefore the group's) operating expenses. Management uses judgement to estimate accruals of un-invoiced costs. We identified completeness of non- pay expenses as a risk requiring particular audit attention.	We will • evaluate the PCC's and Chief Constable's accounting policies for recognition of non-pay expenditure for appropriateness; • gain an understanding of the PCC's and Chief Constable's systems for accounting for non-pay expenditure and evaluate the design of the associated controls; • test payments made after the year-end to identify potential unrecorded liabilities and gain assurance over the completeness of the payables balance in the accounts.
Police pension schemes benefits payable	Chief Constable (and group)	The Chief Constable administers three police pension schemes, with the Police Pension Fund Account being included in the Chief Constable's and therefore the group's financial statements. We identified completeness and accuracy of pension benefits payable as a risk requiring particular audit attention.	We will • gain an understanding of the Chief Constable's systems for calculating, accounting for and monitoring pension benefit payments and evaluate the design of the associated controls; • testing the reconciliation of pension benefit payments recorded in the general ledger to the subsidiary systems and interfaces; • test monthly pension benefit payments made in the year; • test lump sum pension benefit payments made in the year.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with the guidance issued and consistent with our knowledge of both the PCC and the Chief Constable.
- We will read your Narrative Statements and check that they are consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under the Act and the Code, as and when required, including:
    - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
    - issue of a report in the public interest; and
    - making a written recommendation to the PCC or the Chief Constable, copied to the Secretary of State.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). We will review management's assessments of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

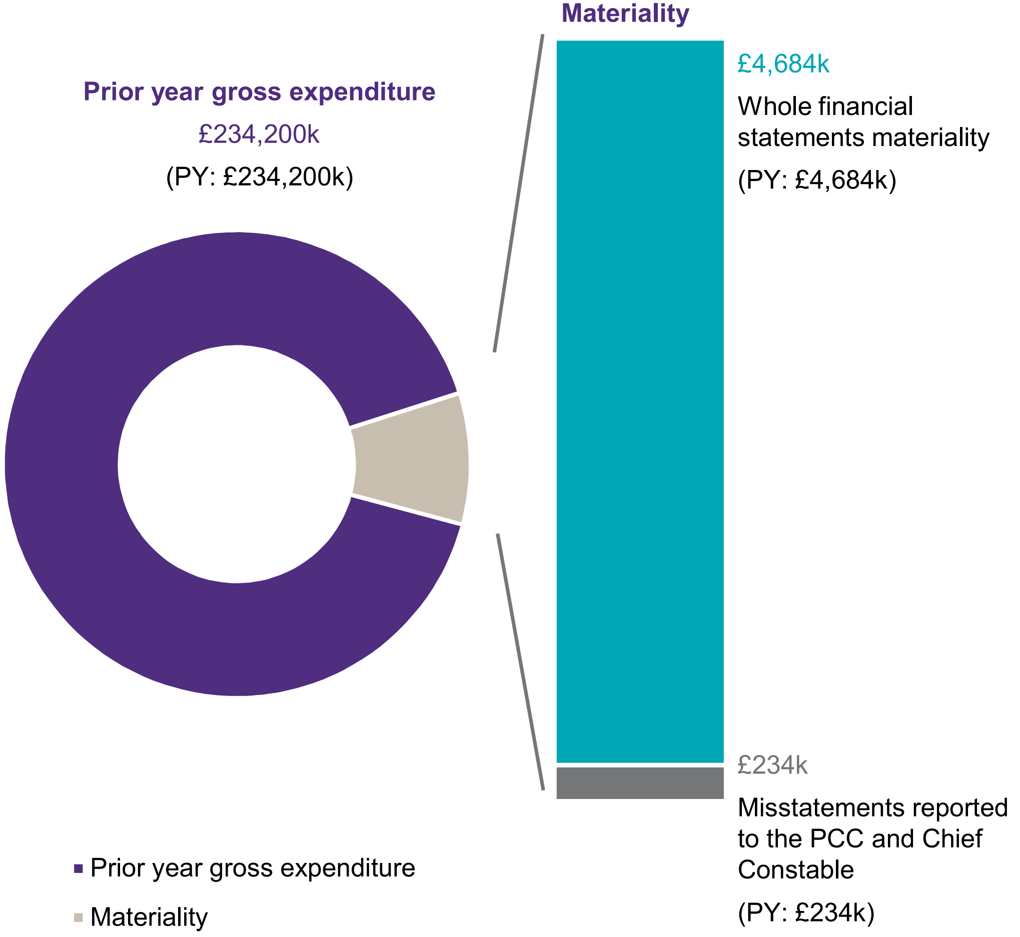
We propose to calculate financial statement materiality based on a proportion of gross expenditure for the financial year. We will use the lowest of the gross expenditures of the PCC, the Chief Constable and the group for this calculation. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be 4,684k (PY £4,684k), which equates to 2% of your audited prior year gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the PCC and the Chief Constable

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the PCC and the Chief Constable any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the PCC and the Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £234k (PY £234k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the PCC and the Chief Constable to assist them in fulfilling their governance responsibilities.



Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA (UK and Ireland) 600	Risks identified	Planned audit approach
Police and Crime Commissioner (parent)	Yes	Comprehensive	See pages 5 to 9	Full scope UK statutory audit performed by Grant Thornton UK LLP
Chief Constable (subsidiary)	Yes	Comprehensive	See pages 5 to 9	Full scope UK statutory audit performed by Grant Thornton UK LLP

There have been no changes to your group structure during 2017/18

Audit scope:
Comprehensive – the component is of such significance to the group as a whole that an audit of the components financial statements is required
Targeted – the component is significant to the Group, audit evidence will be obtained by performing targeted audit procedures rather than a full audit
Analytical – the component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level

Value for Money arrangements

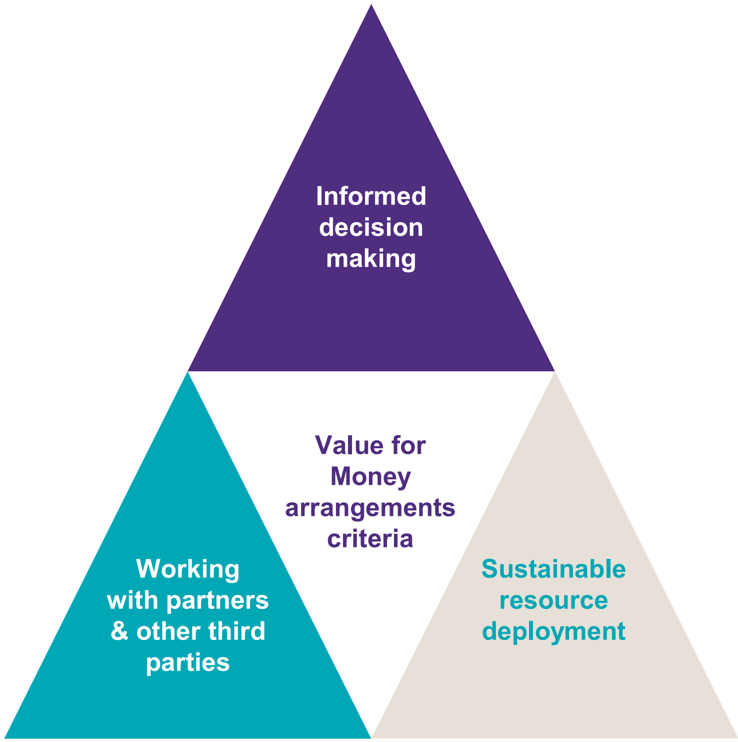
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work for 2017/18 in November 2017. The guidance states that for police bodies, auditors are required to give a conclusion on whether each of the PCC and the Chief Constable have proper arrangements in place.

The 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."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring specific audit consideration and procedures to address the likelihood that proper arrangements are not in place at the PCC and/or the Chief Constable to deliver value for money.

Medium term financial planning

The police funding settlement announcement made by the Policing Minister in December 2017, guaranteed flat government grant and allowed PCCs to increase precept by a maximum of £12 per year. This eases the impact on your forecast budget gap for the next two years. Your plans include changes and improvements in key areas of service delivery. You also need to deliver significant savings in order to achieve your updated budget proposal for 2018-19 and uncertainty remains over the longer term future of police funding.

We will:

- review the Medium Term Financial Plan (MTFP), including any changes made in light of the recent settlement announcement, and capital strategy and assess the reasonableness of the assumptions contained therein;
- review your arrangements for identifying and monitoring savings to ensure that they support the Police and Crime Plan;
- update our understanding of the planned changes in your operating model and how these are captured and supported in your MTFP.

ERP Implementation Programme

This programme has experienced significant slippage and Surrey Police has incurred costs in excess of those envisaged in the initial business case. The programme is currently going through a process of re-planning and there is a risk that weaknesses in the governance and management of the programme are a barrier to the effective use of resources at both the PCC and Surrey Police.

We will review the arrangements in place to mitigate the risk of governance failures and the arrangements in place to underpin programme assurance available to senior stakeholders

Audit logistics, team & audit fees

Planning and risk assessment

March 2018 — **Audit Plan**

Interim audit March 2018

April 2018 — **Interim Progress Report**

Year end audit June 2018

July 2018 — **Audit Findings Report**

Audit opinion

July 2018 — **Annual Audit Letter**

Iain Murray, Engagement Lead

Iain will be the main point of contact for the PCC, Chief Constable and Committee members. He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Iain will ensure our audit is tailored specifically to the PCC and Chief Constable, and he is responsible for the overall quality of our audit work. Iain will sign both audit opinions.

Marcus Ward, Senior Audit Manager

Marcus will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Marcus will attend Audit Committees, undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable.

Hiruni Weerasekera, Audit Incharge

Hiruni will lead the onsite team and will be the day to day contact for the audit. Hiruni will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Hiruni will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

Audit fees

The planned audit fees are no less than £38,708 (PY: £38,708) for the financial statements and vfm audits for the PCC, and no less than £15,000 (PY: £15,000) for the financial statements and vfm audits for the Chief Constable.

In setting your fee, we have assumed that the scope of the audit, and the PCC and the Chief Constable and their activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited police accounts to 31 July this year, across the whole sector, is a significant challenge for audited bodies and auditors alike. For audited bodies, the time available to prepare the accounts and secure an audit opinion is curtailed.

Successful delivery of early close depends on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible
- working with you to agree detailed plans, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audits in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time. We will therefore conduct audits in line with the timetable set out in the audit plan (as detailed on page 12). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we may not be able to maintain a team on site. Similarly, where additional audit time is needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after, the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- are able to respond promptly to the interim audit and facilitate the provision of all evidence and supporting information to enable early testing to be completed during the interim audit
- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative reports and the Annual Governance Statements
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and regular meetings during the interim and final accounts audits
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PCC or the Chief Constable.

Non-audit services

No non-audit services were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Appendices

Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	We will be required to conclude and report whether: • The directors use of the going concern basis of accounting is appropriate • The directors have disclosed identified material uncertainties that may cast significant doubt about either the PCC's or the Chief Constable's ability to continue as going concerns.
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the PCC's or the Chief Constable's ability to continue as going concerns when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
Other information	We will be required to include a section on other information which includes: • Responsibilities of management and auditors regarding other information • A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation • Reporting inconsistencies or misstatements where identified
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
Format of the report	The opinion section appears first followed by the basis of opinion section.

DRAFT

grantthornton.co.uk