



Joint Audit Plan for the Police and Crime Commissioner for Lancashire and Chief Constable of Lancashire Police

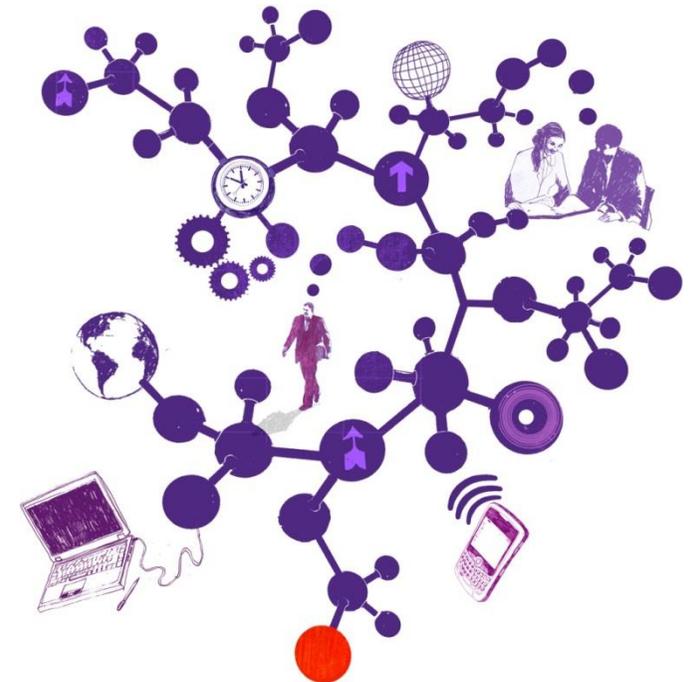
Year ending 31 March 2016

February 2016

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Joint Audit Plan for Lancashire Police and Crime Commissioner and Chief Constable of Lancashire Police for the year ending 31 March 2016

This joint Audit Plan sets out, for the benefit of those charged with governance (in this case, the Police and Crime Commissioner (PCC) for the office of the PCC, and the Chief Constable for Lancashire Constabulary), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. The plan is designed to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the financial statements of the Chief Constable, the PCC and the Group
- satisfy ourselves that the Police and Crime Commissioner and the Chief Constable have each made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

As auditors we are responsible for performing the audit in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance (the PCC and Chief Constable for the OPCC and Constabulary, respectively). The audits of the financial statements do not relieve management or those charged with governance, for each organisation, of their responsibilities for the preparation of the financial statements.

Yours sincerely

Robin Baker
Engagement Lead

Chartered Accountants

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC or Chief Constable or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Police and Crime Commissioner and Chief Constable are facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Autumn Statement 2015 and financial health

- Although the expectation for the Autumn Statement was for significant cuts in policing spend, the Chancellor proposed that there would be no real term reductions in funding to policing over the next five years.
- The PCC's current financial plans forecasts a balanced budget in 2016/17 but that savings will be required due to reductions in the Police Core Settlement and Police General Grant.

2. On-going Public Sector challenges

- Despite the Autumn Statement not including the expected levels of cuts, cost reduction plans from previous years' are still being implemented.
- The overall funding reduction will mean that the PCC and CC will need to achieve savings in excess of £18m between 2016/17 and 2019/20 .
- Actual spending in this period will be under pressure as costs increase.

3. Devolution

- The Autumn Statement 2015 also included proposals to devolve further powers to localities.
- Not all schemes include policing, and some of the proposed city regions cut across force areas.
- Talks are on-going for a Combined Authority, likely focussing on economic development, highways and skills. It is currently unclear how and when this will impact on the PCC and Chief Constable.

4. Collaboration with other Authorities

- Following the consultation on closer working between emergency services the Home Office announced that it was determined to introduce greater efficiency into the sector.
- Plans are currently in development to enable more joined up working between police and fire authorities.

5. Earlier closedown of accounts

- The Accounts and Audit Regulations 2015 require authorities, including PCCs and Chief Constables, to bring forward the approval and audit of financial statements to 31 May and 31 July respectively by the 2017/18 financial year.

Our response

- We will consider the Police and Crime Commissioner's and the Chief Constable's plans and financial positions as part of our work to inform our VFM conclusion.
- We will monitor the delivery of your financial positions throughout the year and ensure that reporting is clear.

- We will consider your financial strategy and the reasonableness of assumptions going forward as part of our work in reaching our VFM conclusion.
- We will share our knowledge of how other parts of the sector are responding to these changes.
- We will review the monitoring of plans to close funding gaps and how these are risk assessed and reported internally.

- We will update our understanding of the evolving model for the Combined Authority as part of our VFM work.
- We will also consider your plans and role in the local devolution agenda and provide support and challenge to your plans based on our knowledge of devolution elsewhere in the country.

- We will consider any collaborative arrangements in place as part of our work in reaching our VFM conclusion.

- We will work with you to identify areas of your accounts production where you can learn from good practice in other organisations.
- We aim to complete all substantive work in our audit of your financial statements by 31 July 2016 to provide a transition to the earlier deadline.
- We meet with lead officers to discuss any technical issues and changes in accounting requirements to ensure that there is clarity of expectations on both sides.

Developments and other requirements relevant to your audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements

1. Fair value accounting

- A new accounting standard on fair value (IFRS13) has been adopted and applies for the first time in 2015/16.
- This will have a particular impact on the valuation of surplus assets within property, plant and equipment which are now required to be valued at fair value in line with IFRS13 rather than the existing use value of the asset.
- Investment property assets are required to be carried at fair value as in previous years.
- There are a number of additional disclosure requirements of IFRS13.

2. Corporate governance

- The Accounts and Audit Regulations 2015 require authorities to produce a Narrative Statement, which reports on your financial performance and use of resources in the year, and replaces the explanatory foreword.
- You are required to produce an Annual Governance Statement (AGS) as part of each of the Police and Crime Commissioner's and Chief Constable's financial statements.

3. Joint arrangements

- There is an increasing number of pooled budget arrangements and alternative delivery models which need to be appropriately accounted for in the financial statements.

4. Other requirements

- The PCC is required to submit a Whole of Government Accounts (WGA) consolidation pack which summarises the group accounts.

Our response

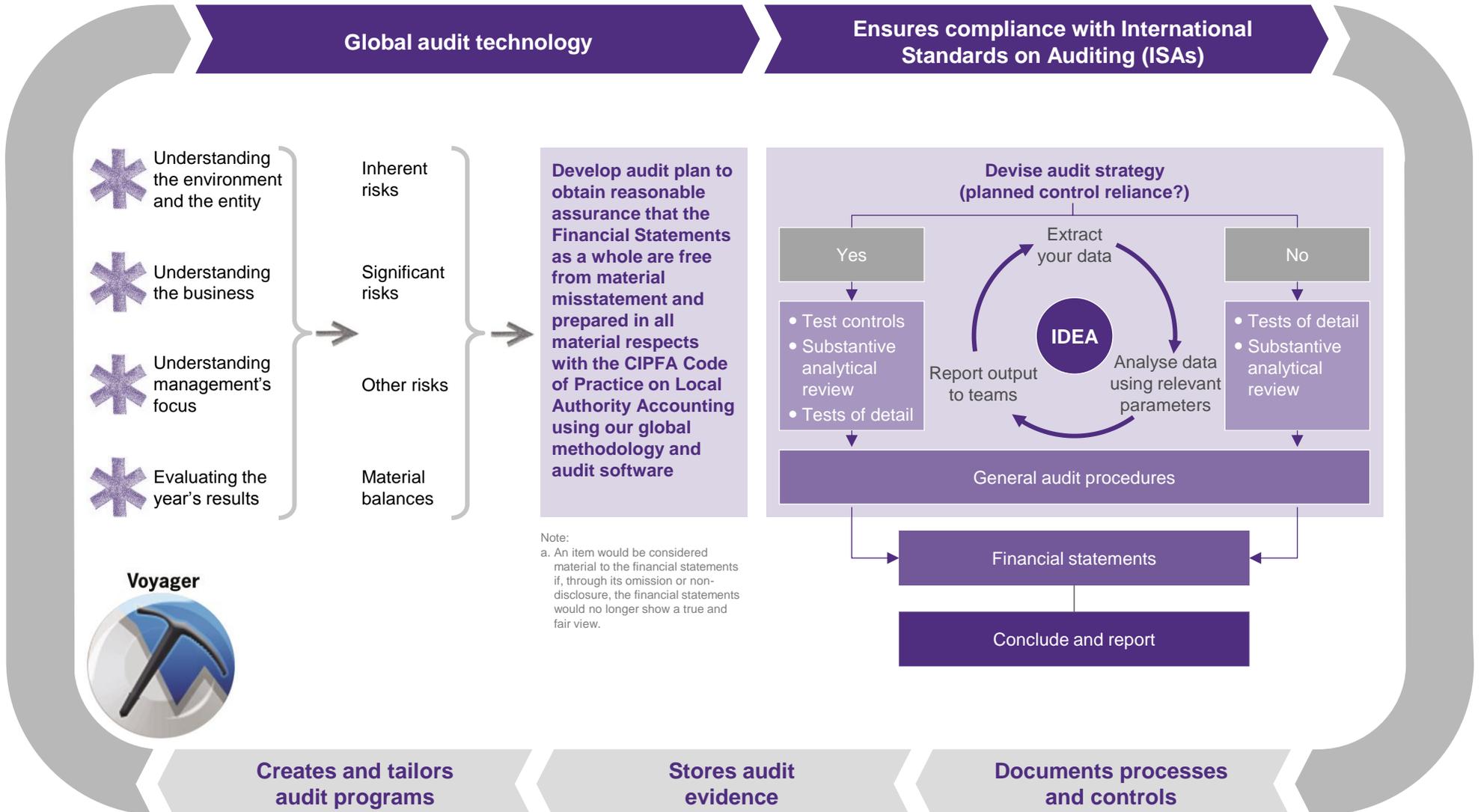
- We will keep the PCC informed of changes to the financial reporting requirements for 2015/16 through ongoing discussions and invitations to our technical update workshops.
- We will discuss this with you at an early stage, including reviewing the basis of valuation of your surplus assets and investment property assets to ensure they are valued on the correct basis.
- We will review your draft financial statements to assess whether you have complied with the disclosure requirements of IFRS13.

- We will review your Narrative Statements to assess whether they reflect the requirements of the CIPFA Code of Practice when this is updated, and make recommendations for improvement.
- We will review your arrangements for producing the AGS's and consider whether they are consistent with our knowledge, and the requirements of CIPFA guidance.

- We will liaise with you and support you with any emerging proposals for accounting for these arrangements against the requirements of the CIPFA Code of Practice.

- We will carry out specified audit procedures in the PCC's WGA consolidation pack on behalf of the National Audit Office.

Our audit approach



Materiality

In performing our audit we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The standard states that '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'.

As is usual in public sector entities we have determined materiality for the statements as a whole as a proportion of the smaller of gross revenue expenditure of the Police and Crime Commissioner and gross revenue expenditure of the Chief Constable. For the purposes of planning the audit we have determined overall materiality to be £6,678k (being 2% of the gross revenue expenditure of the PCC). We will consider whether this level is appropriate during the course of the audit and will advise you if we revise our assessment.

Under ISA 450 auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £333k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'.

We have identified the following items where separate materiality levels are appropriate.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	Any errors identified by testing in excess of £10,000 would be deemed to have implications on the user's understanding of the financial statements
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	Any errors identified by testing in excess of £5,000 would be deemed to have implications on the user's understanding of the financial statements
Related party transactions	Related party transactions have to be disclosed if they are material to the PCC/CC or to the related party.	Any errors identified by testing will be assessed individually, with due regard given to the nature of the error and its potential impact on users of the financial statements. We are unable to quantify a materiality level as the concept of related party transactions takes in to account what is material to both the PCC/CC and the related party.

Significant risks identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315). In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing - ISAs) which are listed below:

Significant risk	Relevant to PCC / Chief Constable / Both?	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Both	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted for both the PCC and Chief Constable because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • for the PCC opportunities to manipulate revenue recognition are very limited as revenue is principally grant allocations from central and local government • for the Chief Constable opportunities to manipulate revenue recognition are very limited as revenue is principally an inter-group transfer from the PCC, with no cash transactions • the culture and ethical frameworks of local government bodies, including Lancashire PCC and Chief Constable, mean that all forms of fraud are seen as unacceptable.
Management over-ride of controls	Both	<p>Under ISA 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of prior year accounting estimates, judgments and decisions made by management • Review of journal control environment <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of current year accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Significant risks identified (continued)

In addition to the presumed risks on the previous page, we have also identified the following significant risk of material misstatement specific to the Lancashire Police and Crime Commissioner, and the Lancashire Chief Constable:

Significant risk	Relevant to PCC / Chief Constable / Both?	Description	Substantive audit procedures
Valuation of pension fund net liability	Both	<p>The Police Officer Pension schemes pension fund liability as reflected in its balance sheet and notes to the accounts represent significant estimates in the financial statements.</p> <p>The Local Government Pension Scheme (LGPS) pension fund 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.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> 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. We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. We will review the consistency of the pension fund asset (LGPS only) and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.
The expenditure cycle includes fraudulent transactions	Both	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered, especially where the body is required to meet targets.	<p>We have considered this risk and do not consider it to require additional audit procedures:</p> <ul style="list-style-type: none"> employee costs are addressed by our procedures in response to the identified risk in this area (see next page). operating expenses are addressed by our procedures in response to the identified risk in this area (see next page). pension's expenditure is addressed by our procedures in response to the identified risk in this area (see next page).

Other risks identified

"The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures"(ISA (UK & Ireland) 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Relevant to PCC / Chief Constable / Both?	Description	Audit approach – work planned
Operating expenses	Both	Creditors understated or not recorded in the correct period (Operating expenses understated)	<ul style="list-style-type: none"> • Identification of controls and walkthrough testing of the operating expenses transaction cycle • Testing the reconciliation of operating expenditure recorded in the general ledger to the subsidiary systems and interfaces • Testing of payments made after the year-end to identify potential unrecorded liabilities and gain assurance over the completeness of the payables balance in the accounts • Substantive testing of operating expenses
Employee remuneration	Both	Employee remuneration accruals understated (Remuneration expenses not correct)	<ul style="list-style-type: none"> • Identification of controls and walkthrough testing of the employee remuneration transaction cycle • Testing the reconciliation of payroll expenditure recorded in the general ledger to the subsidiary systems and interfaces • Analysis of trends and relationships to identify any anomalous areas for further investigation • Testing to confirm the completeness of payroll transactions and appropriate cut-off
Police Pensions Benefits Payable	Both	Benefits improperly computed / Claims liability understated	<ul style="list-style-type: none"> • Identification of controls and walkthrough testing of the pension benefit payments transaction cycle • Testing the reconciliation of pension benefit payments recorded in the general ledger to the subsidiary systems and interfaces • We will rationalise pensions paid with reference to changes in pensioner numbers and increases applied in the year together with a comparison of pensions paid on a monthly basis to ensure that any unusual trends are satisfactorily explained. • Substantive testing of monthly pension benefit payments made in the year • Substantive testing of lump sum pension benefit payments made in the year

Other risks identified (continued)

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 the previous section but will include:

- Investments (long term and short term)
- Cash and cash equivalents
- Borrowing and other liabilities (long term and short term)
- Usable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Taxation and non-specific grants
- Segmental reporting note
- Officers' remuneration note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Police Pension Fund Account and related notes

Other audit responsibilities

- We will undertake work to satisfy ourselves that disclosures made in the Annual Governance Statements are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Police and Crime Commissioner and Chief Constable.
- We will read the Narrative Statement and check that it is consistent with the statements on which we give an opinion and disclosures are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We will give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts

Group audit scope and risk assessment

ISA 600 requires that as Group auditors we 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.

For accounting purposes, the Chief Constable is considered a subsidiary of the PCC and the Chief Constable's financial results are consolidated into the PCC group accounts. We will comply with the requirements of ISA 600 in carrying out our audit of the Chief Constable's financial statements.

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

Value for Money

Background

The Local Audit & Accountability Act 2014 ('the Act') and the NAO Code of Audit Practice ('the Code') require us to consider whether the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. These are known as the Value for Money (VfM) conclusions. We issue separate conclusions for the Police and Crime Commissioner and for the Chief Constable.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that auditors are required to give a conclusion on whether the Police and Crime Commissioner and the Chief Constable have each put proper arrangements in place. The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out here.

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of good governance Understanding and using appropriate cost and performance information to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We completed an initial risk assessment based on the NAO's guidance. In our initial risk assessment, we considered:

- our cumulative knowledge of both the Police and Crime Commissioner and the Chief Constable, including work performed in previous years in respect of the VfM conclusions and the opinions on the financial statements.
- the findings of other inspectorates and review agencies, including Her Majesty's Inspectorate of Constabulary (HMIC).
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

In completing our risk assessment we have in particular considered the findings and conclusions from the HMIC 'PEEL – Police efficiency 2015' report. We have identified one significant risk which we are required to communicate to you, and there are two areas where we need to update our understanding of the latest position. The NAO's Code of Audit Practice defines 'significant' as follows:

A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.

We have set out overleaf the risks we have identified, how they relate to the Code sub-criteria, and the work we propose to undertake to address these risks.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and Annual Audit Letter.

We will include our conclusion as part of our report on your financial statements which we will give by 30 September 2016.

Value for Money (continued)

We set out below the significant risk we have identified as a result of our initial risk assessment and the work we propose to address this risk.

Issue and significant risk	Link to sub-criteria	Relevant to PCC / Chief Constable / Both?	Work proposed to address
<p>1. Financial Strategy</p> <p>The PCC and CC will need to achieve savings in excess of £18m between 2016/17 and 2019/20 due to reductions in the Police Core Settlement and Police General Grant.</p> <p><i>Risk – Whilst the latest financial settlement has reduced budget pressures, there remains uncertainty as to actual levels of future funding. Uncertainties include how recent announcements will translate into actual cash positions and future budgets in practice and the impact of the planned review of the funding formula. Financial plans also need to address the resourcing of changing service priorities and demands and how front-line policing will be re-aligned to address these changing demands.</i></p>	<p>Informed decision making</p> <p>Sustainable resource deployment</p>	<p>Both</p>	<ul style="list-style-type: none"> • Examine the MTFS and supporting plans to understand the budget, investment and savings profile. • Review how the MTFS and related future plans address the resourcing of changing service priorities and demands.

We will update our understanding of the latest position in respect of the following:

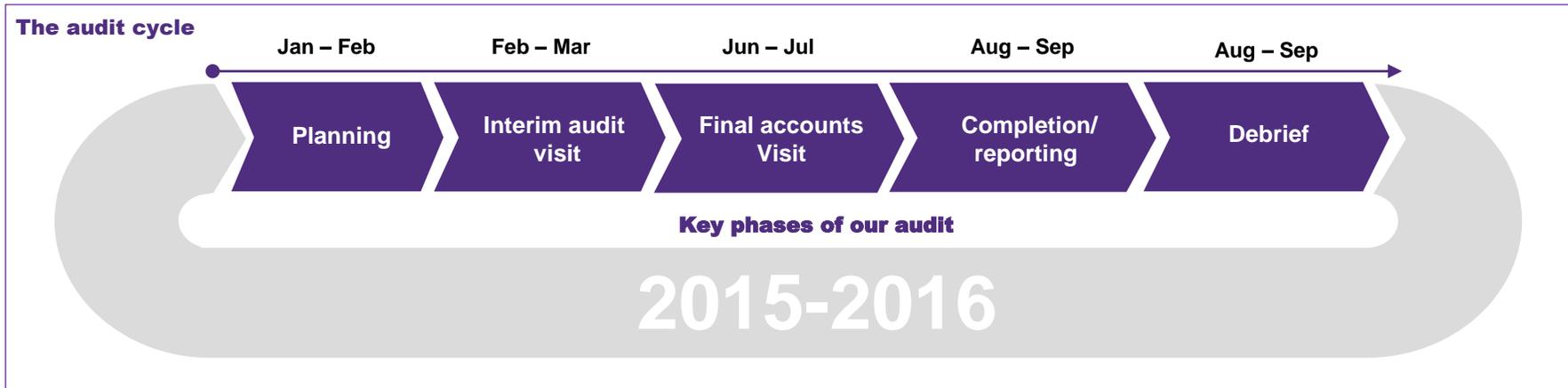
Issue	Link to sub-criteria	Relevant to PCC / Chief Constable / Both?	Work proposed to address
<p>The PCC and CC see ICT as an important driver to deliver the wider service priorities and are committed to a significant investment in the ICT infrastructure over the next few years. This includes a new case and custody system, a replacement HR system and being the first region to replace the 'airwave's system in 2017.</p> <p>The political landscape is changing and there is an increased focus on enabling closer working between the emergency services. The PCC and the Constabulary are continuing to develop joint working partnerships, including with fire, health and local government sectors and others. We are keen to update our understanding of how these partnerships are developing and whether they are delivering benefits.</p>	<p>Informed decision making</p> <p>Sustainable resource deployment</p> <p>Working with partners and other third parties</p>	<p>Both</p>	<p>Update our understanding of the key ICT change projects and consider their impact for Lancashire PCC and Constabulary, including any wider governance and value for money implications.</p> <p>Update our understanding of the local devolution model and other joint working arrangements and consider their impact for Lancashire PCC and Constabulary, including any wider governance and value for money implications</p>

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal Audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Police and Crime Commissioner's and Chief Constable's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Police and Crime Commissioner and the Chief Constable, and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's financial statements</p>
Walkthrough testing	<p>We have completed walkthrough tests of the Police and Crime Commissioner's and the Chief Constable's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements, namely employee remuneration, operating expenses and pensions benefits payable.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Police and Crime Commissioner and the Chief Constable in accordance with our documented understanding</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Early substantive testing	<p>We have completed testing on an interim sample of pension benefit payments made in the year. Our work has not identified any errors.</p>	<p>Interim samples of employee remuneration expenses and operating expenses will be tested in March, and final testing in all three areas will be completed during the final accounts audit.</p>

Key dates



Date	Activity
February 2016	Planning.
March / April 2016	Interim site visit. Presentation of audit plan to those charged with governance (PCC and Chief Constable)
June / July 2016	Year end fieldwork
August 2016	Audit findings clearance meeting with Chief Finance Officer and Director of Resources
August 2016	Report audit findings to those charged with governance (PCC and Chief Constable)
August / September 2016	Sign financial statements opinions
August / September 2016	Submission of the consolidated schedules for Whole of Government Accounts
November 2016	Annual Audit Letter

Fees and independence

Fees

	£
Police and Crime Commissioner audit	32,168
Chief Constable audit	18,750
Total audit fees (excluding VAT)	50,918

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list.
- The scope of the audit, and the Police and Crime Commissioner, Chief Constable and their activities, have not changed significantly.
- The Police and Crime Commissioner and Chief Constable will make available management and accounting staff to help us locate information and to provide explanations.
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Fees for other services

Service	Fees £
Audit related services: <ul style="list-style-type: none">• Nil	-
Non-audit services <ul style="list-style-type: none">• Nil	

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter

Independence and ethics

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 Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings Report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (UK & Ireland) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings Report will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Police and Crime Commissioner and the Chief Constable.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Police and Crime Commissioner's and the Chief Constable's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Police and Crime Commissioner's and the Chief Constable's key risks when reaching our conclusions under the Code.

It is the responsibility of the Police and Crime Commissioner and the Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Police and Crime Commissioner and the Chief Constable are fulfilling these responsibilities.

	Audit Plan	Audit Findings
Our communication plan		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓



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