



Joint External Audit Plan

Year ending 31 March 2018

West Midlands Police and Crime Commissioner
and West Midlands Chief Constable
March 2018



Contents



Your key Grant Thornton team members are:

Paul Grady

Engagement lead

T: 0207 728 2301

E: paul.d.grady@uk.gt.com

Emily Mayne

Senior Manager

T: 0121 232 5309

E: emily.j.mayne@uk.gt.com

Laurelin Griffiths

Assistant Manager

T: 0118 955 9166

E: laurelin.h.griffiths@uk.gt.com

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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 planning 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 the 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.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of both the West Midlands Police and Crime Commissioner ('the PCC') and the West Midlands Chief Constable ('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 override of controls in both the PCC and the Chief Constable
- Valuation of the PCC's property, plant and equipment
- Valuation of the pension fund net liabilities for both the PCC and the Chief Constable
- Completeness and accuracy of data transferred to the new general ledger for both the PCC and the Chief Constable
- Potential duplication of operating expenses recognised around the ledger transfer for both the PCC and the Chief Constable
- Potential fraudulent manipulation of operating expenses recognised around the ledger transfer for both the PCC and the Chief Constable

We have rebutted the risk of fraudulent recognition of revenues for both the PCC and the Chief Constable. 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 £12,734k (PY £11,372k), which equates to 2% of your forecast gross expenditure for the year. 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 £636k (PY £568k).

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:

- Arrangements to secure medium and long term financial sustainability, delivering effective policing within constrained finances
- Effectiveness of arrangements to deliver WMP2020 transformation, identify and realise benefits and ensure alignment MTFP assumptions with this
- Effectiveness of arrangements to ensure successful delivery of the police and crime plan across all partners, including the Force

Audit logistics

Our interim visits will take place in February and March and our final visit will take place over June and July 2018. Our key deliverables are this Joint Audit Plan and our Joint Audit Findings Report.

Our fee for the audit will be no less than £42,368 (PY: £42,368) for the PCC and no less than £22,500 (PY: £22,500) 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.

Deep business understanding

Changes to service delivery

Devolution

The Government signalled its intention in the Budget 2016 to explore the incorporation of the role and power of the Police and Crime Commissioner into the Mayorality of the West Midlands Mayor. It is expected the first Mayor with these powers will be elected in 2020.

Whilst this may appear to be event for 'the future', the two year lead in time provides limited space to consider the significant changes in governance and accountability structures which will result from this. It will be key for the OPCC to be clear on the lessons learnt from other moves in this direction around the country and to play a leading role informing the discussion in the West Midlands.

Transformation plans

WMP2020 is now 'bedding in'. New ways of working and new technologies are in place across the Force and the support teams. The Force and PCC are delivering significant transformation programmes in the form of OpPolSol and DDI.

The Force and the PCC are about to embark on a significant estates rationalisation programme as part of the transformation programme.

In 2017, the PCC and Chief Constable have successfully bid for a number of Police Transformation Funds

The new general ledger system went live during July 2017. It is hoped that the adoption of new technology and smarter systems will be more efficient and cost-effective.

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

At the beginning of 2016, the implementation of the revised police funding formula in England and Wales was delayed.

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

The funding settlement for the 2018/19 financial year was announced in December 2017. There is to be a £450m increase in police funding across England and Wales, including £270m from PCCs now being allowed to increase their council tax precept by £12 per household per annum from 2018/19, without a local referendum.

Financial position

West Midlands Police and Crime Commissioner and Chief Constable are planning to achieve a balanced budget for 2017/18.

Future budgets remain challenging with further austerity reductions and increasing demand and costs.

Estimation in the financial statements

As the early closedown of accounts is managed, preparation of the financial statements will require greater reliance on estimation.

Management are prepared for this, having produced their financial statements to the earlier timetable in 2016/17 to determine any issues.

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.
- We will follow up on the recommendations that we made regarding police pension fund membership data as a result of issues during the 2016/17 audit. For more information, see page 9.

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.

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 Report in July 2018.

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	<p>Under ISA (UK) 240 there is a rebuttable 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 at the PCC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • 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 West Midlands PCC, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for the PCC.</p> <p>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.</p> <p>Therefore we have determined that the risk of fraud arising from revenue recognition is not a significant risk for the Chief Constable.</p>
Management over-ride of controls	Both	<p>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.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • 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	<p>The PCC revalues land and buildings on a quinquennial basis to ensure that carrying value is not materially different from current value.</p> <p>The PCC is not planning to revalue any assets during the 2017/18 financial year. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • 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. • review management's processes and assumptions for the ascertaining that the carrying value remains appropriate. • consider the competence, expertise and objectivity of any management experts used.
Valuation of pension fund net liability	Both	<p>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.</p> <p>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.</p> <p>These estimates by their nature are subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • 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.

Significant risks identified

Risk	PCC or Chief Constable?	Reason for risk identification	Key aspects of our proposed response to the risk
Completeness and accuracy of the data transferred to the new general ledger	Both	<p>The PCC and Chief Constable transferred to a new general ledger system during July 2017. At that point, all data held in the old ledger was uploaded into the new system.</p> <p>This means that the financial statements will incorporate over three months of transactions that have been manually transferred.</p> <p>We identified the completeness and accuracy of the transferred data in the new ledger system as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> gain an understanding of the process undertaken to transfer the data from one ledger to the other, and the checks performed by management to ensure that this was completed appropriately and successfully; reconcile the balances contained in the old general ledger at the date of the transfer to those imported into the new general ledger; perform detailed testing of a sample of transactions contained in the old general ledger by tracing these through to the new general ledger, and vice versa from the new ledger back to the source balance in the old ledger.
Potential duplication of operating expenses recognised around date of ledger transfer	Both	<p>Due to the introduction of the new general ledger detailed above, there is a risk that transactions were duplicated by posting them to both ledgers.</p> <p>Due to the nature of the group's revenue streams, and the nature of payroll transactions, this risk is considered to be limited to operating expenses.</p> <p>We identified the occurrence of transactions in the new ledger system in the period around the transfer date as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> gain an understanding of the process undertaken by management to ensure that there were no transactions duplicated due to the transfer of the general ledger data, and the checks performed to ensure that this was followed; perform data analysis on transaction listings in the new general ledger to risk assess transactions for being potential duplicates, and test a sample of high risk items; perform detailed testing of a sample of transactions contained in opening balances of the new general ledger by ensuring that these exist in the old general ledger.
Potential fraudulent manipulation of operating expenses recognised around date of ledger transfer	Both	<p>Under FRC Practice Note 10, public sector auditors are required to consider the risk of material misstatement due to fraudulent manipulation of expenditure. The introduction of the new general ledger detailed above may have led to the opportunity to commit fraud.</p> <p>As above, this risk is considered to be limited to operating expenses.</p> <p>Due to the introduction of a new general ledger, we identified the completeness of transactions in the period around the transfer date as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> as above, gain an understanding of the process undertaken to transfer the data from one ledger to the other, and the checks performed by management to ensure that data was complete; as above, reconcile the balances contained in the old general ledger at the date of the transfer to those imported into the new general ledger; give particular consideration to transactions around the period of the ledger transfer when performing procedures for the identification of unusual journal entries for detailed testing.

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	<p>Payroll expenditure represents a significant percentage (79%) of the Chief Constable's (and therefore the group's) operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions and an interface with a separate sub-system 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.</p>	<p>We will:</p> <ul style="list-style-type: none"> 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; review the reconciliation of the payroll system to the general ledger and to the financial statements to agree completeness of costs; perform a trend analysis and detailed analytical procedures on monthly pay costs to ensure employee remuneration costs are materially complete.
Operating expenses	Both	<p>Non-pay expenses on other goods and services also represents a significant percentage (21%) of the Chief Constable's (and therefore the group's) operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non-pay expenses as a risk requiring particular audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none"> 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; perform detailed testing of a sample of expenditure recorded in the financial year by agreeing to source documentation; perform expenditure cut-off testing by agreeing to source documentation to ensure that expenditure is recorded in the correct financial year.
Police pension schemes benefits payable	Chief Constable (and group)	<p>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.</p> <p>We identified completeness and accuracy of pension benefits payable as a risk requiring particular audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none"> 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; perform detailed testing of a sample of lump sum amounts recorded in the financial year by agreeing to source documentation; perform detailed analytical procedures on benefits paid to ensure costs are materially complete.

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.

Prior year issues relating to police pension member data

During the 2016/17 audit, we were unable to gain assurance over the reliability of member data relating to the police pension funds. We received confirmation from GAD that this issue would have no impact on the valuation of the police pension fund liability at 31 March 2017 or 31 March 2018 due to the approach taken for interim valuations.

The next full valuation will be incorporated into the 2018/19 financial statements, but it will be completed based on membership numbers at 31 March 2018.

We will perform specific procedures to gain assurance over the membership numbers held at 31 March 2018.

Discussions are being held with management regarding their plans in respect of member data reconciliation and possible approaches to gaining assurance over the membership numbers.

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

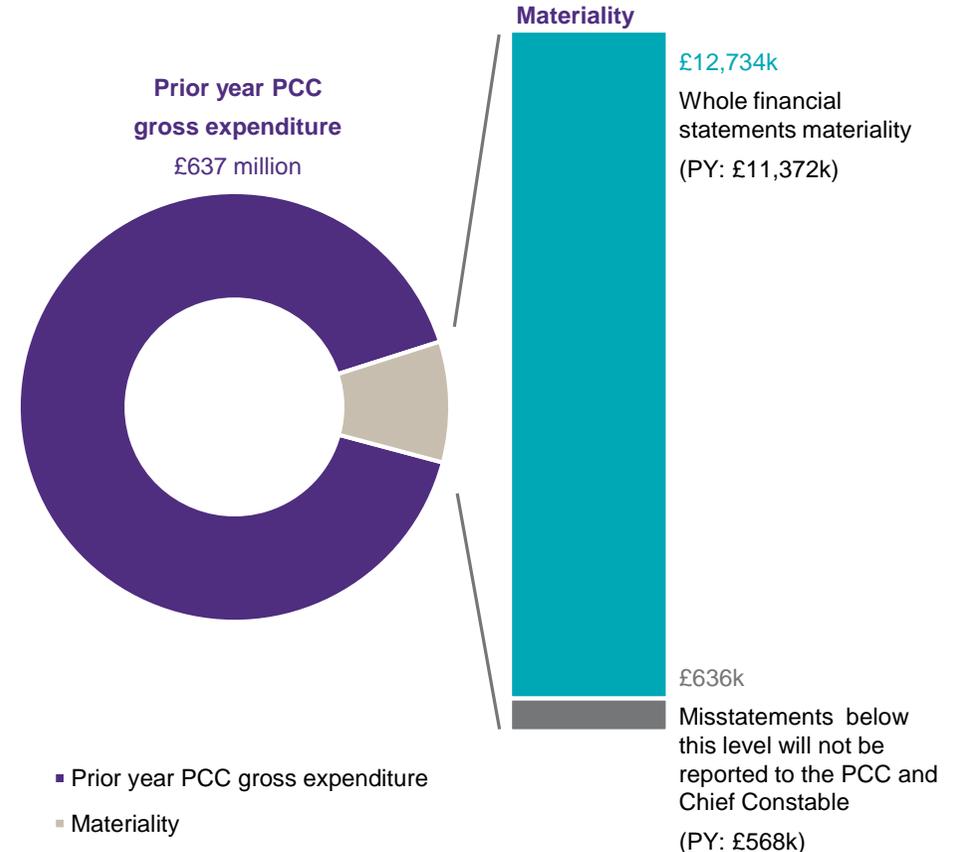
We propose to calculate financial statement materiality based on a proportion of gross expenditure for the financial year. We will use the lowest of the gross expenditures of the PCC and the Chief Constable for this calculation. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £12,734k (PY £11,372k), which equates to 2% of your forecast gross expenditure for the year. 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 £636k (PY £568k).

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

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

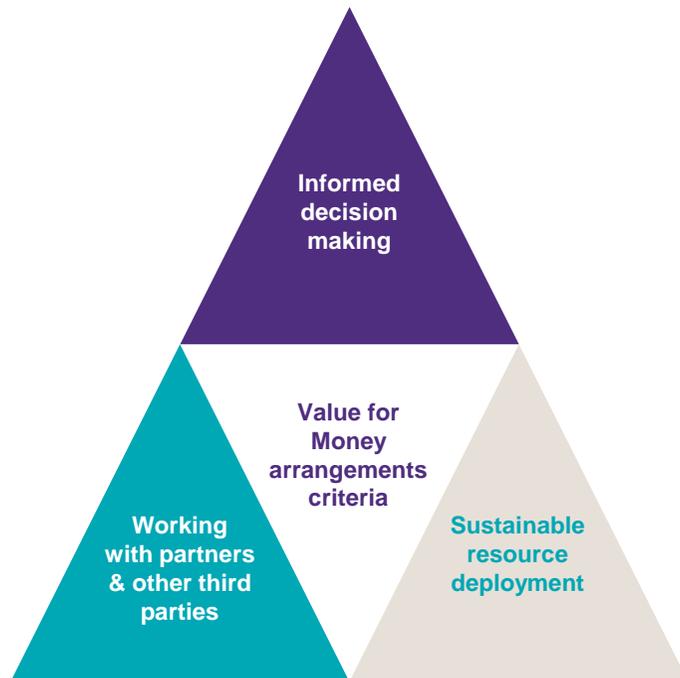
Background to our VFM approach

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.



Financial strategy and long term sustainability

We will review updates to your medium term financial strategy, assess the gaps in savings requirements, and assess the extent to which your financial plans are aligned with realistic outcomes from the transformation programme and benefits realised, and the reasonableness of assumptions underpinning the strategy. We will also assess the extent to which WMP responsibilities in delivering the police and crime plan are costed and planned for.



WMP2020 Transformation programme and benefits realisation

The WMP 2020 Programme vision is to prevent crime, protect the public and to help those in need. From the way in which the public contact the force to how they respond, investigate and prevent re-offending, the programme is designed to radically overhaul all aspects of West Midlands policing with people and technology at its heart. The programme is key to the long term financial sustainability of the Force. We will review progress in delivering the WMP Ambition Plan and its effectiveness at aligning WMP objectives with Police and Crime Plan ambitions. We will also assess how well WMP is measuring and identifying benefits realised, and how well WMP converts potential non-financial benefits into measurable organisational improvements.



Police and Crime Plan

The Police and Crime Plan headline messages include a focus on young people, reducing re-offending, tackling mental ill-health and supporting the economy, whilst also continuing to deal with complex threats like cyber crime and terrorism and tackling traditionally 'hidden crimes' such as domestic abuse, hate crime and child sexual exploitation. We will assess arrangements in place to deliver the plan across a complex partnership structure. We will also assess the arrangements in place to identify measures against which to assess progress and report effectively and transparently to stakeholders and the public.

Audit logistics, team & audit fees



Paul Grady, Engagement Lead

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



Emily Mayne, Senior Manager

Emily will work with senior members of the finance team ensuring testing is delivered and any accounting issues are addressed on a timely basis. She will attend Joint Audit Committee meetings with Paul, undertake reviews of the team's work, and ensure that our reports are clear, concise and understandable.



Laurelin Griffiths, Assistant Manager

Laurelin will assist Emily in ensuring the smooth running of the audit, organising our visits and liaising with finance staff. She will supervise the on-site team and will assist with undertake the more technical aspects of the audit.

Audit fees

The planned audit fees are no less than £42,368 (PY: £42,368) for the financial statements and vfm audits for the PCC, and no less than £22,500 (PY: £22,500) 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 you must ensure that:

- All audit queries arising from our interim work are responded to satisfactorily during the interim audit and all testing samples and supporting information are provided to enable completion of early testing during the interim audit
- The draft accounts are of good quality, materially accurate and provided to us by the deadline you have agreed with us, including all notes, the narrative reports and the Annual Governance Statements;
- Good quality working papers supporting all figures in the accounts are provided to us at the start of the audit and in accordance with the agreed upon information request list;
- 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;
- Key management and accounting staff identified in our information request list are available throughout the duration of our audit visits to help us locate information and to provide explanations; and
- All audit queries are resolved promptly and within agreed timescales.

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

A. Revised ISAs

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: <ul style="list-style-type: none">• 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: <ul style="list-style-type: none">• 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.



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