

Annual Audit Letter

Year ending 31 March 2018

The Police and Crime Commissioner for the West Midlands and the Chief Constable for the West Midlands

August 2018



Contents



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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out for the West Midlands Police and Crime Commissioner ('the PCC') and West Midlands Chief Constable and the financial statements of the group, the PCC and the Chief Constable for the year ended 31 March 2018

This Letter provides a commentary on the results of our work to the PCC and the Chief Constable and their external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the PCC and the Chief Constable (as those charged with governance) in meetings which took place in July 2018.

Our work

Materiality	We determined materiality for the audit of the PCC and Chief Constable's financial statements to be £14,632,000, which is 2% of the group's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the PCC and Chief Constable's financial statements on 6 August 2018.
Whole of Government Accounts (WGA)	Our work on the PCC and Chief Constable's consolidation return, following guidance issued by the NAO, is ongoing as at the date of writing this letter. We expect to conclude this work by the statutory deadline of 31 August 2018.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the PCC and Chief Constable had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit opinions issued on 6 August 2018.
Certificate	We are unable to certify that we have completed the audit of the accounts of the PCC and the Chief Constable until we finalise our work on the whole of government consolidation work. We anticipate completing this by the statutory deadline of 31 August 2018.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the PCC and Chief Constable's financial statements (section two)
- assess the PCC and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the PCC and the Chief Constable's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

We would like to take this opportunity to record our appreciation for the assistance provided by management, the finance team and other officers in both the office of the PCC and the police force during our audits.

Audit of the Accounts

Our audit approach

Materiality

In our audit of the PCC and Chief Constable's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the PCC and the Chief Constable's group accounts to be £14.632 million, which is 2% of the gross revenue expenditure of the West Midlands Chief Constable. We used this benchmark as, in our view, users of the PCC and the Chief Constable's accounts are most interested in how the PCC and Chief Constable have spent the income they have received from taxation and grants during the year.

We did not set a lower level of specific materiality for any other balances.

We set a lower threshold of £643,750, above which we reported errors to the PCC and Chief Constable in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts and the narrative report and annual governance statement published within the Statement of Accounts to check they are consistent with our understanding of the PCC and Chief Constable and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Significant difficulties encountered

With the change of the ledger system, upgrading from Oracle 11i to Oracle Fusion in July 2018, the finance team experienced significant challenges providing audit trails, responding to audit queries and providing supporting evidence for our sample testing throughout the 2017/18 audit.

Delays and difficulties were identified early in the process and have also been recognised by the finance team and senior management, as well as being reflected in the work of Internal Audit. A significant change of this nature will always create an element of disruption. This continued over a period of months, placing a considerable pressure on the day to day work of finance staff who have worked incredibly hard in challenging circumstances. The challenges faced resulted in significant delays to the audit process. During both our interim and final accounts visits, planned audits had to be suspended and removed off-site to enable the finance team to deal with issues preventing the audit from continuing. We returned on site at a later date, for both the interim and final accounts visits.

These issues have resulted in significant delays to the audit process compared with previous years and impacted heavily on turnaround times for providing information and sample evidence. This has resulted in additional audit costs.

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment</p> <p>The PCC revalues its land and buildings on a quinquennial basis to ensure that carrying value is not materially different from fair value. Interim valuations are performed annually. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p><u>Management's estimation</u></p> <p>The draft financial statements were prepared using valuations for land and buildings which were based upon the prior year with revisions for known changes in circumstances for specific assets. We were not provided with evidence which supported these estimations and judgements made by management. This is a critical piece of evidence to inform a significant estimation made by Management in the draft financial statements. We therefore provided challenge to Management who agreed to commission a desk-top valuation of land and buildings.</p> <p>A Valuer was appointed and a desk-top valuation provided to Management on 23 July 2018. Management's consideration of this valuation was that it provided better and more current information of asset values and as such agreed to amend the financial statements to reflect the increase in net book value provided by the Valuer. This therefore provides assurance that the Property, Plant and Equipment (PPE) valuation is reasonable and free from material misstatement.</p> <p><u>Value of amendment to the draft financial statements</u></p> <p>Valuation of land and buildings within the draft financial statements was £135,249k</p> <p>Valuation of land and buildings within the revised financial statements was £147,507k</p> <p>This reflects an overall increase in the valuation of land and buildings of £12,258k</p> <p>Further detail of the amendments made to the prime statements and related disclosure notes is set out on page 44 of this report.</p> <p><u>Work undertaken</u></p> <p>To confirm that the valuation is appropriate, and that the figures within the revised financial statements are not materially misstated, we :</p> <ul style="list-style-type: none"> evaluated 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 – this relates to vehicles, furniture and equipment and assets under construction (Tom have we documented this?): reviewed management's processes and assumptions in concluding that the revised carrying value is appropriate: and considered the competence, expertise and objectivity of any management experts used. 	<p>Following the amendments to the valuation of land and buildings, we were satisfied that the PPE disclosures are not materially misstated.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Local Government Pension Scheme (LGPS) pension net liability, the Police Officer Pension schemes fund liability and associated disclosure notes in the financial statements, 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.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We:</p> <ul style="list-style-type: none"> identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. evaluated the competence, expertise and objectivity of the actuaries who carried out the pension fund valuations. We gained an understanding of the basis on which the valuations are carried out. undertaken procedures to confirm the reasonableness of the actuarial assumptions made. checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports from your actuaries. We have reconciled the police member data submission in order that this data may be relied on in future years. 	<p>Our audit procedures did not identify any significant issues with the pension fund valuation. A minor amendment was made to the pension fund disclosure note relating to the prior year.</p>
<p>Completeness and accuracy of the data transferred to the new general ledger</p>	<p>We:</p> <ul style="list-style-type: none"> gained 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; reconciled the balances contained in the old general ledger at the date of the transfer to those imported into the new general ledger; performed 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. 	<p>No significant issues were identified from the review work performed around the ledger transfer itself. However, the transfer to Oracle Fusion produced significant difficulties around information extraction across the audit as mentioned previously on page 4.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Potential duplication of operating expenses recognised around date of ledger transfer</p>	<p>We:</p> <ul style="list-style-type: none"> gained 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; performed 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. 	<p>No significant issues were noted in the review work performed around the ledger transfer.</p>
<p>Potential fraudulent manipulation of operating expenses recognised around date of ledger transfer</p>	<p>We:</p> <ul style="list-style-type: none"> gained 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; reconciled the balances contained in the old general ledger at the date of the transfer to those imported into the new general ledger; gave particular consideration to transactions around the period of the ledger transfer when testing a sample of journals, tracing them from the old to the new ledger. All journals on the old ledger appeared to be reasonable and in the usual course of business and had been accurately transferred to the new ledger. We have assurance over the completeness of journals transferred to the new ledger and that there were no changes made to sampled journals during transfer. 	<p>No significant issues were noted in the review work performed around the ledger transfer.</p>
<p>Employee remuneration 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 separate 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</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated the PCC's and Chief Constable's accounting policies for recognition of payroll expenditure for appropriateness; gained an understanding of the PCC's and Chief Constable's systems for accounting for payroll expenditure and evaluate the design of the associated controls; reviewed the reconciliation of the payroll system to the general ledger and to the financial statements to agree completeness of costs; performed detailed analytical procedures on monthly pay costs to ensure employee remuneration costs are materially complete. <p>Prior to audit testing, but post publication of the draft accounts, West Midlands Police identified that the apprenticeship levy had not been accounted for correctly, resulting in the understatement of payroll expenditure and the relating creditor by £1,884,592.01. This was amended prior to audit work beginning, and the calculation was subsequently performed correctly.</p>	<p>Our analytical procedures on monthly payroll costs did not identify any significant issues. However, we noted differences to benefit in kind figures in the financial statements. This was due to the financial statements being assembled prior to the finalisation of P11D forms.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Operating expenses 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:</p> <ul style="list-style-type: none"> • Documented the systems and internal controls around the operating expenses cycle and performed walkthroughs of said controls. • Substantive testing of a sample of operating expenses transactions for the year and over creditors and year-end cut-off • evaluated the PCC's and Chief Constable's accounting policy for recognition of non-pay expenditure for appropriateness; • gained an understanding of the PCC's and Chief Constable's system for accounting for non-pay expenditure and evaluate the design of the associated controls; 	<p>Review of the creditors balance highlighted that £3.2m of seized cash was held as a creditor on the balances.</p> <p>We continue to recommend to management that consideration should be given to the appropriateness of categorising the entire balance as a creditor, rather than a provision or contingent liability, but note in our review of cabinet minutes that £800k has been declassified as a creditor since year end.</p> <p>A number of non-trivial findings were also identified in the cycle and reported in the Audit Findings Report.</p>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Police pension schemes benefits payable</p> <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 undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> gained an understanding of the Chief Constable's systems for calculating, accounting for and monitoring pension benefit payments and evaluated the design of the associated controls; performed detailed testing over a sample of both the lump sum and the recurrent benefits payable, examining the mathematical accuracy of the calculations and the supporting records documenting the choices made by individuals regarding lump sum payments and service length. 	<p>We identified one issue in lump sum benefits testing relating to a calculation made. When the error was projected over the lump sum and recurrent payments populations, the maximum understatements were £2,042,551.96 and £1,233,221.31 respectively.</p>
<p>Improper revenue recognition</p> <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>As detailed in our Joint Audit Plan, we did not consider this to be a significant risk for the PCC or the Chief Constable 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>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>

Audit of the Accounts

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of controls</p> <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. The PCC and Chief Constable face external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We identified management override of controls as a risk requiring special audit consideration.</p>	<p>We performed:</p> <ul style="list-style-type: none">– review of the journal entries and testing of unusual journal entries back to supporting documentation– review of accounting estimates, judgements and decisions made by management– review of significant related party transactions outside the normal course of business– Review of the completeness of ledger data transfer and testing of a sample of journals to gain assurance over the accuracy and that the process was free of management manipulation	<p>Our audit work, in particular journals testing and ledger transfer work, did not identify any significant issues in respect of management override of controls.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the PCC, Group and the Chief Constable's accounts on 6 August 2018. This breached the national deadline due to delays relating to the revaluation of the assets within the PCC's financial statements.

Preparation of the accounts

The PCC and Chief Constable presented us with draft group accounts in accordance with the national deadline. Working papers were provided but there were issues which prevented the finance team from providing working papers to the same standard as previous years as detailed on page 4. The finance team responded to our queries during the course of the audit as quickly as they could.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the PCC and Chief Constable as those charged with governance in July 2018.

Annual Governance Statement and Narrative Report

We are required to review the PCC and the Chief Constable's Annual Governance Statement (AGS) and Narrative Report. It published them on its website within the draft accounts following the issue of our audit opinion.

We are satisfied that, following the amendments made to both the PCC and the Chief Constable's AGSs so that more detail was included regarding issues reported by Internal Audit, the AGSs meet the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Reports are in line with the requirements of the CIPFA Code of Practice.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the PCC and the Chief Constable and with our knowledge of the PCC and the Chief Constable's businesses..

Whole of Government Accounts (WGA)

We carried out work on the PCC and the Chief Constable's Data Collection Tool in line with instructions provided by the NAO . As at the date of writing this letter our work is ongoing. We anticipate concluding our work by the statutory deadline of 31 August 2018.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

Certificate of closure of the audit

We are unable to certify that we have completed the audit of the accounts of West Midlands PCC and West Midlands Chief Constable until we have completed our work on the PCC and Chief Constable's whole of government accounts return. We anticipate completing this work by the statutory deadline of 31 August 2018.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the 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.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work. The key risks we identified and the work we performed are set out in the tables below and overleaf.

We agreed a number of recommendations with the PCC and Chief Constable to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the PCC and Chief Constable each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources for the year ending 31 March 2018.

Key Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial strategy and long term sustainability</p> <p>The robustness of the medium term financial strategy and the assumptions made within this is a crucial part of delivering sustainable policing services which meet the needs of the local population. Identification of budget shortfalls and the associated actions to address these is fundamental.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> reviewed updates to your medium term financial strategy, assessing the gaps in savings requirements, and assessing 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. assessed the extent to which WMP responsibilities in delivering the police and crime plan are costed and planned for. 	<p>In general the Medium Term Financial Plan (MTFP) seeks alignment with the WMP2020 programme and the Director of Commercial Services maintains close links to the programme, reflecting the financials in the MTFS. More regular reporting of the use of reserves would be helpful to demonstrate reserves are being used solely to drive transformational benefits, and to articulate the return on investment. If WMP2020 benefits do not materialise as forecast, it is important that this is clearly documented and understood given the potential for benefits to slip or not be realised.</p> <p>We reviewed the arrangements in place to support the medium term financial strategy. A number of recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the PCC and Chief Constable each has proper arrangements.</p>

Value for Money conclusion

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>WMP2020 Transformation programme and benefits realisation</p> <p>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.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> • reviewed progress in delivering the WMP Ambition Plan and its effectiveness at aligning WMP objectives with Police and Crime Plan ambitions. • assessed how well WMP is measuring and identifying benefits realised, and how well WMP converts potential non-financial benefits into measurable organisational improvements. 	<p>The arrangements in place for WMP2020 and benefits realisation in particular continue to mature and improve. There are many notable features of good practice in the arrangements which continue to evolve. Many of the areas of focus in our report, and recommendations made, are focusing on identified areas of enhanced and inherent risk, rather than a deficiency in the arrangements, and suggestions for improvement are to enhance arrangements which already contain many good features, rather than a suggestion of an absence of activity.</p> <p>This past year has been a significant one in terms of embedding the second phase of the programme. This has consolidated the previous phase and introduced a 'business as usual' approach whilst also seeking to change the culture of the Force. Increased demand has put significant pressure on the delivery of policing services. Appropriate allocation of resources remains a challenge to respond to the competing, concurrent challenges (e.g. other large projects) and there is a risk that the pace of the programme and the limited resource available may lead to reduction in anticipated benefits realised.</p> <p>The Force has made improvements to the way it plans to define, articulate and measure benefits for each project. We have reviewed the ongoing work of the WMP2020 programme team who have developed a revised benefit realisation plan (BRP) and planned reporting/tracking of benefits through governance. These arrangements will 'go live' from September 2018. Focusing on outcomes rather than reduced inputs will drive the harder-to-achieve benefits from the projects.</p> <p>We reviewed the arrangements in place for delivering WMP 2020. A number of recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the PCC and Chief Constable each has proper arrangements.</p>
<p>Police and Crime Plan</p> <p>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.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> • assessed arrangements in place to deliver the plan across a complex partnership structure. • assessed the arrangements in place to identify measures against which to assess progress and report effectively and transparently to stakeholders and the public. 	<p>Not all objectives in the Plan will be delivered by the Force, although there is considerable overlap through the Force's Ambition Plan. The PCC will need to ensure that all objectives are delivered and so identify other external agencies to support this which may mean engaging with large and complex organisations and driving the process.</p> <p>We reviewed the arrangements in place to support both the PCC and Chief Constable's management of the Police and Crime Plan. A number of recommendations were made, but the evidence enabled us to conclude that the risk was sufficiently mitigated and the PCC and Chief Constable each has proper arrangements.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and confirm there were no fees for the provision of non audit services.

Reports issued

Report	Date issued
Audit Plan	March 2018
Audit Findings Report	July 2018
Annual Audit Letter	August 2018

Fees

	Planned £	Actual fees £	2016/17 fees £
Police and Crime Commissioner Audit 2017/18	42,368	TBC	42,368
Chief Constable Audit 2017/18	22,500	TBC	22,500
Chief Constable VFM additional work 2016/17	17,000	17,000	N/A
Total fees	81,868	TBC	64,868

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). However, we have undertaken considerable additional work throughout the audit year in relation to the change in ledger as reported in this Audit Findings Report. This impacts on both the PCC and the Force financial statements.

We have also undertaken additional work around Management's estimation for its asset valuation. This work continues with the Fore and any additional fee will be agreed with PSAA prior to being reported to Management and the Joint Audit Committee.

The additional fee for the 2016/17 VFM conclusion work has been agreed with PSAA and Management and will be billed in the next quarter. This additional fee is not reflected within the 2017/18 financial statements and will be accounted for in 2018/19.

Fees for non-audit services

Service	Fees £
Audit related services	Nil
- None	
Non-Audit related services	Nil
- None	

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the PCC and Chief Constable. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the PCC and Chief Constable's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the PCC and Chief Constable's policy on the allotment of non-audit work to your auditor.



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